ST. LAWRENCE UNIVERSITY
AND SUBSIDIARY

Consolidated Financial Statements as of
June 30, 2014 and 2013
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants
INDEPENDENT AUDITOR’S REPORT

October 20, 2014

To the Board of Trustees of
St. Lawrence University:

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of St. Lawrence University (a New York not-for-profit corporation) and Subsidiary (collectively, the University), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Auditor’s Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

(Continued)
INDEPENDENT AUDITOR’S REPORT
(Continued)

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Lawrence University and Subsidiary 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.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2014, on our consideration of the University’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University’s internal control over financial reporting and compliance.

Bonadio & Co., LLP
ST. LAWRENCE UNIVERSITY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 9,567,436</td>
<td>$ 13,880,824</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>3,018,178</td>
<td>2,535,595</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,858,745</td>
<td>2,084,978</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>1,875,009</td>
<td>2,084,762</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>12,732,241</td>
<td>11,365,694</td>
</tr>
<tr>
<td>Loans receivable, net</td>
<td>3,302,505</td>
<td>3,323,358</td>
</tr>
<tr>
<td>Deposits with trustees of debt obligations</td>
<td>1,335,606</td>
<td>2,640,443</td>
</tr>
<tr>
<td>Investments</td>
<td>283,613,647</td>
<td>251,747,749</td>
</tr>
<tr>
<td>Funds held for deferred giving</td>
<td>8,651,771</td>
<td>8,870,360</td>
</tr>
<tr>
<td>Deferred financing costs, net</td>
<td>1,001,178</td>
<td>1,094,721</td>
</tr>
<tr>
<td>Land, buildings, and equipment, net</td>
<td>167,033,567</td>
<td>157,908,714</td>
</tr>
</tbody>
</table>

Total assets | $ 493,989,883 | $ 457,537,198 |

LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>LIABILITIES:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 12,591,271</td>
<td>$ 11,856,841</td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>3,359,627</td>
<td>3,554,929</td>
</tr>
<tr>
<td>Conditional asset retirement obligations</td>
<td>4,128,809</td>
<td>4,030,181</td>
</tr>
<tr>
<td>Annuities and deferred giving obligations</td>
<td>4,069,267</td>
<td>3,993,862</td>
</tr>
<tr>
<td>Federal student loan funds</td>
<td>2,998,817</td>
<td>3,014,752</td>
</tr>
<tr>
<td>Accrued pension and postretirement benefits</td>
<td>4,679,063</td>
<td>5,251,375</td>
</tr>
<tr>
<td>Fair value swap agreements</td>
<td>2,259,449</td>
<td>2,003,700</td>
</tr>
<tr>
<td>Debt obligations</td>
<td>108,656,779</td>
<td>109,502,294</td>
</tr>
</tbody>
</table>

Total liabilities | 142,743,082 | 143,207,934 |

NET ASSETS:

<table>
<thead>
<tr>
<th>Unrestricted -</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board designated for endowment</td>
<td>67,742,164</td>
<td>60,489,258</td>
</tr>
<tr>
<td>Undesignated</td>
<td>44,402,086</td>
<td>38,966,226</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>120,038,885</td>
<td>99,543,121</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>119,063,666</td>
<td>115,330,659</td>
</tr>
</tbody>
</table>

Total net assets | 351,246,801 | 314,329,264 |

Total liabilities and net assets | $ 493,989,883 | $ 457,537,198 |

The accompanying notes are an integral part of these statements.
## ST. LAWRENCE UNIVERSITY AND SUBSIDIARY

### CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for 2013)

#### OPERATING REVENUES:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student revenues -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and fees</td>
<td>$112,744,156</td>
<td>$ - $ -</td>
<td>$112,744,156</td>
<td>$107,799,706</td>
</tr>
<tr>
<td>Room and board revenues</td>
<td>25,453,273</td>
<td>-</td>
<td>25,453,273</td>
<td>24,241,571</td>
</tr>
<tr>
<td>Less: Student financial aid</td>
<td>(58,183,156)</td>
<td>-</td>
<td>(58,183,156)</td>
<td>(53,691,393)</td>
</tr>
<tr>
<td>Net student revenues</td>
<td>80,014,273</td>
<td>-</td>
<td>80,014,273</td>
<td>78,346,884</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>8,667,675</td>
<td>-</td>
<td>8,667,675</td>
<td>8,674,547</td>
</tr>
<tr>
<td>Government grants</td>
<td>1,794,911</td>
<td>-</td>
<td>1,794,911</td>
<td>1,711,362</td>
</tr>
<tr>
<td>Private gifts - annual</td>
<td>5,640,217</td>
<td>1,100,063</td>
<td>6,741,170</td>
<td>6,443,225</td>
</tr>
<tr>
<td>Private gifts - nonrecurring</td>
<td>3,886,596</td>
<td>1,403,105</td>
<td>5,299,501</td>
<td>4,088,161</td>
</tr>
<tr>
<td>Investment income allocated to operations</td>
<td>10,731,283</td>
<td>1,098,664</td>
<td>11,829,947</td>
<td>11,105,328</td>
</tr>
<tr>
<td>Investment income</td>
<td>266,229</td>
<td>-</td>
<td>266,229</td>
<td>105,476</td>
</tr>
<tr>
<td>Other</td>
<td>2,379,835</td>
<td>-</td>
<td>2,379,835</td>
<td>1,725,912</td>
</tr>
<tr>
<td>Net assets released from restrictions for operating purposes</td>
<td>5,397,197</td>
<td>(5,397,197)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>118,028,016</td>
<td>(1,794,475)</td>
<td>117,233,541</td>
<td>112,313,895</td>
</tr>
</tbody>
</table>

#### OPERATING EXPENSES:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>38,978,333</td>
<td>-</td>
<td>38,978,333</td>
<td>38,787,841</td>
</tr>
<tr>
<td>Student services</td>
<td>19,667,765</td>
<td>-</td>
<td>19,667,765</td>
<td>18,897,144</td>
</tr>
<tr>
<td>Institutional support</td>
<td>16,252,648</td>
<td>-</td>
<td>16,252,648</td>
<td>15,510,833</td>
</tr>
<tr>
<td>Academic support</td>
<td>11,001,466</td>
<td>-</td>
<td>11,001,466</td>
<td>10,902,093</td>
</tr>
<tr>
<td>Public service</td>
<td>2,232,220</td>
<td>-</td>
<td>2,232,220</td>
<td>2,182,105</td>
</tr>
<tr>
<td>Research</td>
<td>112,786</td>
<td>-</td>
<td>112,786</td>
<td>189,873</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>113,608,922</td>
<td>-</td>
<td>113,608,922</td>
<td>109,583,009</td>
</tr>
</tbody>
</table>

#### NONOPERATING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment gain, net of amounts allocated to operations</td>
<td>4,409,783</td>
<td>21,855,381</td>
<td>2,522</td>
<td>20,270,666</td>
</tr>
<tr>
<td>Gain (loss) on interest rate swap agreements, net</td>
<td>(265,749)</td>
<td>-</td>
<td>(265,749)</td>
<td>1,617,471</td>
</tr>
<tr>
<td>Postretirement benefit related changes other than net periodic benefit cost</td>
<td>(583,084)</td>
<td>-</td>
<td>(583,084)</td>
<td>(1,161,177)</td>
</tr>
<tr>
<td>Contributions for long-term investment</td>
<td>-</td>
<td>3,230,299</td>
<td>3,230,299</td>
<td>1,538,168</td>
</tr>
<tr>
<td>Loss on debt refinancing</td>
<td>-</td>
<td>-</td>
<td>(2,723,295)</td>
<td>-</td>
</tr>
<tr>
<td>Insurance proceeds</td>
<td>3,400,000</td>
<td>-</td>
<td>3,400,000</td>
<td>-</td>
</tr>
<tr>
<td>Worker's compensation trust proceeds</td>
<td>398,722</td>
<td>-</td>
<td>398,722</td>
<td>-</td>
</tr>
<tr>
<td>Change in valuation of annuities</td>
<td>-</td>
<td>634,671</td>
<td>297,373</td>
<td>932,044</td>
</tr>
<tr>
<td><strong>Change in net assets from nonoperating activities</strong></td>
<td>7,269,672</td>
<td>22,493,052</td>
<td>3,530,194</td>
<td>33,292,918</td>
</tr>
</tbody>
</table>

#### CHANGE IN NET ASSETS BEFORE NET ASSET RECLASSIFICATION

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>12,886,766</strong></td>
<td>20,898,577</td>
<td>3,530,194</td>
</tr>
<tr>
<td><strong>35,917,537</strong></td>
<td>19,547,163</td>
<td></td>
</tr>
</tbody>
</table>

#### NET ASSET RECLASSIFICATION

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>- (202,813)</strong></td>
<td><strong>202,813</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

#### CHANGE IN NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>12,886,766</strong></td>
<td>20,896,764</td>
<td>3,733,007</td>
</tr>
<tr>
<td><strong>36,917,537</strong></td>
<td>19,547,163</td>
<td></td>
</tr>
</tbody>
</table>

#### NET ASSETS - beginning of year

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>99,455,484</strong></td>
<td><strong>99,543,121</strong></td>
<td><strong>115,330,659</strong></td>
</tr>
<tr>
<td><strong>314,326,264</strong></td>
<td><strong>294,782,101</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### NET ASSETS - end of year

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$112,144,250</strong></td>
<td><strong>$120,038,885</strong></td>
<td><strong>$119,083,866</strong></td>
</tr>
<tr>
<td><strong>$351,246,801</strong></td>
<td><strong>$314,329,264</strong></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
## ST. LAWRENCE UNIVERSITY AND SUBSIDIARY

### CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2013

<table>
<thead>
<tr>
<th>OPERATING REVENUES:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student revenues -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and fees</td>
<td>$ 107,799,706</td>
<td>$</td>
<td>$</td>
<td>$ 107,799,706</td>
</tr>
<tr>
<td>Room and board revenues</td>
<td>24,241,571</td>
<td>-</td>
<td>-</td>
<td>24,241,571</td>
</tr>
<tr>
<td>Less: Student financial aid</td>
<td>(53,691,393)</td>
<td>-</td>
<td>-</td>
<td>(53,691,393)</td>
</tr>
<tr>
<td>Net student revenues</td>
<td>78,349,884</td>
<td>-</td>
<td>-</td>
<td>78,349,884</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>8,784,547</td>
<td>-</td>
<td>-</td>
<td>8,784,547</td>
</tr>
<tr>
<td>Government grants</td>
<td>1,711,362</td>
<td>-</td>
<td>-</td>
<td>1,711,362</td>
</tr>
<tr>
<td>Private gifts - annual</td>
<td>5,277,584</td>
<td>1,165,841</td>
<td>-</td>
<td>6,443,225</td>
</tr>
<tr>
<td>Private gifts - nonrecurring</td>
<td>2,548,772</td>
<td>1,539,389</td>
<td>-</td>
<td>4,088,161</td>
</tr>
<tr>
<td>Investment income allocated to operations</td>
<td>10,255,590</td>
<td>836,738</td>
<td>-</td>
<td>11,105,328</td>
</tr>
<tr>
<td>Investment income</td>
<td>105,476</td>
<td>-</td>
<td>-</td>
<td>105,476</td>
</tr>
<tr>
<td>Other</td>
<td>1,725,912</td>
<td>-</td>
<td>-</td>
<td>1,725,912</td>
</tr>
<tr>
<td>Net assets released from restrictions for operating purposes</td>
<td>2,626,529</td>
<td>(2,626,529)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>111,395,656</strong></td>
<td><strong>918,239</strong></td>
<td>-</td>
<td><strong>112,313,895</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>38,787,841</td>
<td>-</td>
<td>-</td>
<td>38,787,841</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>23,115,020</td>
<td>-</td>
<td>-</td>
<td>23,115,020</td>
</tr>
<tr>
<td>Student services</td>
<td>18,897,144</td>
<td>-</td>
<td>-</td>
<td>18,897,144</td>
</tr>
<tr>
<td>Institutional support</td>
<td>15,510,833</td>
<td>-</td>
<td>-</td>
<td>15,510,833</td>
</tr>
<tr>
<td>Academic support</td>
<td>10,902,093</td>
<td>-</td>
<td>-</td>
<td>10,902,093</td>
</tr>
<tr>
<td>Public service</td>
<td>2,182,105</td>
<td>-</td>
<td>-</td>
<td>2,182,105</td>
</tr>
<tr>
<td>Research</td>
<td>168,873</td>
<td>-</td>
<td>-</td>
<td>168,873</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>109,583,909</strong></td>
<td><strong>-</strong></td>
<td>-</td>
<td><strong>109,583,909</strong></td>
</tr>
</tbody>
</table>

| Change in net assets from operating activities | 1,811,747 | 918,239 | - | 2,729,986 |

<table>
<thead>
<tr>
<th>NONOPERATING ACTIVITIES:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment gain, net of amounts allocated to operations</td>
<td>3,258,454</td>
<td>14,020,528</td>
<td>41,668</td>
<td>17,320,660</td>
</tr>
<tr>
<td>Gain on Interest rate swap agreements</td>
<td>1,617,471</td>
<td>-</td>
<td>-</td>
<td>1,617,471</td>
</tr>
<tr>
<td>Postretirement benefit related changes other than net periodic benefit cost</td>
<td>(1,161,177)</td>
<td>-</td>
<td>-</td>
<td>(1,161,177)</td>
</tr>
<tr>
<td>Contributions for long-term investment</td>
<td>-</td>
<td>-</td>
<td>1,538,165</td>
<td>1,538,165</td>
</tr>
<tr>
<td>Loss on debt refinancing</td>
<td>(2,723,285)</td>
<td>-</td>
<td>-</td>
<td>(2,723,285)</td>
</tr>
<tr>
<td>Change in valuation of annuities</td>
<td>-</td>
<td>313,241</td>
<td>(87,858)</td>
<td>225,383</td>
</tr>
<tr>
<td><strong>Change in net assets from nonoperating activities</strong></td>
<td>991,473</td>
<td>14,333,769</td>
<td>1,491,935</td>
<td>16,817,177</td>
</tr>
</tbody>
</table>

| CHANGE IN NET ASSETS BEFORE RECLASSIFICATION | 2,803,220 | 15,252,008 | 1,491,935 | 19,547,163 |

| NET ASSET RECLASSIFICATION | (236,735) | - | - | 236,735 |

| CHANGE IN NET ASSETS | 2,566,485 | 15,252,008 | 1,728,670 | 19,547,163 |

| NET ASSETS - beginning of year | 90,888,999 | 84,291,113 | 113,601,969 | 294,782,101 |

| NET ASSETS - end of year | $ 99,455,484 | $ 99,543,121 | $ 115,330,659 | $ 314,329,264 |

The accompanying notes are an integral part of these statements.
## CASH FLOW FROM OPERATING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$36,917,637</td>
<td>$19,547,163</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash flow from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, amortization, and accretion, net</td>
<td>9,789,213</td>
<td>9,282,653</td>
</tr>
<tr>
<td>Realized and unrealized gain on investments</td>
<td>(36,853,329)</td>
<td>(27,730,907)</td>
</tr>
<tr>
<td>Contributions for long-term investments and assets</td>
<td>(5,526,454)</td>
<td>(4,436,620)</td>
</tr>
<tr>
<td>Change in value of deferred gifts</td>
<td>376,015</td>
<td>(137,493)</td>
</tr>
<tr>
<td>Write-off of deferred financing costs</td>
<td>-</td>
<td>164,490</td>
</tr>
<tr>
<td>(Gain) loss on interest rate swap agreements</td>
<td>689,071</td>
<td>(1,172,409)</td>
</tr>
<tr>
<td>Write-off of bond premium</td>
<td>-</td>
<td>(793,315)</td>
</tr>
<tr>
<td>Loss on disposal of assets</td>
<td>1,168,078</td>
<td>105,527</td>
</tr>
<tr>
<td>Insurance proceeds</td>
<td>(3,400,000)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from loan collections</td>
<td>503,762</td>
<td>572,534</td>
</tr>
<tr>
<td>Loans issued</td>
<td>(612,670)</td>
<td>(636,698)</td>
</tr>
<tr>
<td>Changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable and loans receivable, net</td>
<td>(352,623)</td>
<td>(660,346)</td>
</tr>
<tr>
<td>Inventories</td>
<td>226,233</td>
<td>54,999</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>209,753</td>
<td>289,998</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>(1,366,547)</td>
<td>807,805</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>1,722,420</td>
<td>1,578,481</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(195,302)</td>
<td>29,338</td>
</tr>
<tr>
<td>Conditional asset retirement obligations</td>
<td>(86,020)</td>
<td>(106,829)</td>
</tr>
<tr>
<td>Accrued pension and postretirement benefits</td>
<td>(572,312)</td>
<td>(254,847)</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td><strong>2,836,628</strong></td>
<td><strong>(3,498,074)</strong></td>
</tr>
</tbody>
</table>

## CASH FLOW FROM INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of land, building, and equipment</td>
<td>(21,412,594)</td>
<td>(9,220,630)</td>
</tr>
<tr>
<td>Net insurance proceeds received for property damage</td>
<td>3,400,000</td>
<td>-</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(24,262,961)</td>
<td>(22,628,724)</td>
</tr>
<tr>
<td>Proceeds from sales and maturities of investments</td>
<td>29,112,983</td>
<td>26,636,533</td>
</tr>
<tr>
<td>Payment on swap agreement</td>
<td>(433,322)</td>
<td>(445,052)</td>
</tr>
<tr>
<td><strong>Net cash flow from investing activities</strong></td>
<td><strong>(13,815,914)</strong></td>
<td><strong>(2,657,883)</strong></td>
</tr>
</tbody>
</table>

## CASH FLOW FROM FINANCING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit of funds held by bond trustees</td>
<td>-</td>
<td>(2,632,943)</td>
</tr>
<tr>
<td>Withdrawal of funds held by bond trustees</td>
<td>1,304,837</td>
<td>1,170,192</td>
</tr>
<tr>
<td>Contributions for long-term investments</td>
<td>3,170,762</td>
<td>1,373,326</td>
</tr>
<tr>
<td>Contributions for long-lived assets</td>
<td>2,320,586</td>
<td>2,369,227</td>
</tr>
<tr>
<td>Receipt of annuities (payments to beneficiaries), net</td>
<td>75,405</td>
<td>(166,289)</td>
</tr>
<tr>
<td>Decrease in federal student loan funds</td>
<td>(15,535)</td>
<td>(1,243)</td>
</tr>
<tr>
<td>Issuance of long-term debt</td>
<td>-</td>
<td>44,445,000</td>
</tr>
<tr>
<td>Issuance of bond premium</td>
<td>-</td>
<td>6,639,980</td>
</tr>
<tr>
<td>Payment of deferred financing costs</td>
<td>-</td>
<td>(920,094)</td>
</tr>
<tr>
<td>Financing from capital leases</td>
<td>2,300,650</td>
<td>850,356</td>
</tr>
<tr>
<td>Payments on long-term debt</td>
<td>(2,496,793)</td>
<td>(48,765,221)</td>
</tr>
<tr>
<td><strong>Net cash flow from financing activities</strong></td>
<td><strong>8,865,858</strong></td>
<td><strong>4,351,271</strong></td>
</tr>
</tbody>
</table>

## CHANGE IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4,313,388)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## CASH AND CASH EQUIVALENTS - beginning of year: 13,880,824 15,885,510

**CASH AND CASH EQUIVALENTS - end of year**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$9,567,456</td>
<td>$13,880,824</td>
<td></td>
</tr>
</tbody>
</table>

## SUPPLEMENTAL DISCLOSURES:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense paid</td>
<td>$4,773,662</td>
<td>$4,929,984</td>
</tr>
</tbody>
</table>

## NON-CASH FINANCING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets acquired but not yet paid for</td>
<td>$1,992,815</td>
<td>$1,004,825</td>
</tr>
<tr>
<td>Gifts in kind</td>
<td>$34,720</td>
<td>$510,228</td>
</tr>
<tr>
<td>Stock gifts</td>
<td>$1,576,601</td>
<td>$531,851</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
1. THE ORGANIZATION

St. Lawrence University (the University) was chartered by the Legislature of the State of New York (the State) in 1856 and is the oldest continuously operated coeducational institution of higher learning in the State. The University is committed to excellence in the undergraduate liberal arts studies and graduate studies in education. The University's enrollment is approximately 2,400 fulltime students, with nearly an equal number of men and women from most U.S. states and forty-six other countries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The consolidated financial statements of the University have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States and include the accounts of Laurentian Properties, LLC (Laurentian Properties), a wholly owned subsidiary. All material transactions between the University and its subsidiary have been eliminated.

Financial Reporting
The University classifies its activities into the following net asset categories:

- Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

- Temporarily restricted - Net assets whose use by the University is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the University pursuant to those stipulations.

- Permanently restricted - Net assets whose use by the University is limited by donor-imposed stipulations that do not expire with the passage of time. Generally, the donors of these assets permit the University to use all or part of the investment return on these assets to support program activities.

Cash and Cash Equivalents
Cash equivalents include short-term, highly liquid investments with an original maturity of three months or less when purchased except for cash equivalents included in investment pools, which are included in investments in the accompanying consolidated statements of financial position. At times, cash balances may exceed federally insured limits. The University has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories
Inventories are stated at the lower of cost or market and consist primarily of books and merchandise as well as supplies to support campus operations. Cost is determined using the retail method for bookstore inventory and the first in, first out method for all other items in inventory.

Contributions
The University has recorded contributions, including unconditional promises to give, as revenues when donors' commitments are received. 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. Unconditional promises to give are recognized at the estimated net present value, net of an allowance for uncollectible amounts, and are classified as either permanently restricted or temporarily restricted. Gifts whose restrictions are met in the same fiscal year as their receipt are reported as unrestricted contributions.

Accounts Receivable
Accounts receivable represents amounts due from students related to tuition, room, and board fees. The University records an allowance for doubtful accounts based on prior collection experience and review of existing receivables. Accounts for which no payments have been received for a period of time, which varies by the nature of the receivable, are considered delinquent and written-off or sent to collections, as appropriate.

Loans Receivable
The University participates in the Perkins Federal Revolving Loan Program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans.

Perkins student loans receivable represents Perkins loan receivables due from students and is stated at unpaid principal balances. Interest on loans receivable is recognized over the term of the loans.

In order to determine the collectability of loans receivable and review for impairment, the University reviews accounts in default on an as-needed basis. Additionally, an estimate of uncollectible accounts is made based in part, on historical default percentages. Accounts for which no payments have been received for a period of time, which varies by the nature of the receivable, are considered delinquent and written-off or sent to collections, as appropriate. At June 30, 2014 and 2013, there were no impaired loans.

Deposits with Trustees of Debt Obligations
Deposits with trustees of debt obligations of approximately $1,336,000 and $2,640,000 at June 30, 2014 and 2013, respectively, represent debt service and certain reserve funds required by the trustees.

Investments
Investments consist of various types of investment securities, which are stated at fair value. Unrealized gains or losses on such securities result from differences between the cost and fair value of securities on a specified valuation date. Investment securities are exposed to various risks, such as interest rate, market, currency, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment
The University’s endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Fair Value Measurement - Definition and Hierarchy
Accounting Standards Codification (ASC) Section 820 defines fair value 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. The University uses various valuation techniques in determining fair value. ASC Section 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the University. Unobservable inputs are inputs that reflect the University’s assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the University has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair Value Measurement - Definition and Hierarchy
The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the University in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Deferred Financing Costs
Deferred financing costs consist of legal, underwriting, and other fees for services rendered in connection with the issuance of long-term debt. Deferred financing costs are amortized over the life of the related debt. Amortization expense was approximately $94,000 and $141,000 for the years ended June 30, 2014 and 2013, respectively.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Annuities and Deferred Giving Arrangements
The University's deferred giving arrangements consist primarily of gift annuity, pooled life income, and charitable remainder trusts. Deferred giving assets are managed by external investment managers. University management monitors investment performance achieved by the respective investment managers. Contribution revenues are recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets and changes in the estimated present value of future cash outflows and other changes in the estimates of future benefits. The annuities and deferred giving obligations represent the net present value of future cash outflows over the beneficiary's life expectancy as required by the deferred gift agreements. Discount rates used to calculate the net present value of the obligations are commensurate with the beneficiary life expectancy.

Land, Buildings, and Equipment
Land, buildings, and equipment are recorded at cost at the date of acquisition or, in the case of gifts, at fair value at the date of donation, less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of buildings (50 years), building and land improvements (10-20 years), and equipment and books (3-10 years). Depreciation expense is included in the consolidated statements of activities and is allocated to functional classifications based on relative facility space utilized within each functional category. Interest expense is capitalized during periods of construction. Art collections are stated at cost, if purchased, or fair value at the date of receipt, if acquired by contribution; however, these items are not depreciated. All gifts of land, buildings, and equipment are recorded as unrestricted non-operating resources, unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted non-operating resources. The University regularly assesses all of its long-lived assets for impairment and has determined that no impairment loss need be recognized in the periods reported.

Revenue Recognition
Tuition, fees, room, and board revenue is earned over the academic year as services are provided. Funds received in advance of services provided are included in deferred revenue.

Conditional Asset Retirement Obligations
The University recognizes a liability when a legal obligation exists to perform an asset retirement or renovation in which the timing or method of settlement is conditional on a future event that may or may not be under the control of the University. The asset retirement obligation (the ARO) is recognized at its net present value with a corresponding increase in the carrying amount of the long-lived asset to which the ARO relates. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability recorded. The capitalized asset cost is depreciated over the useful life of the related long-lived asset.

Pension and Other Postretirement Benefit Plans
The University recognizes the over-funded or under-funded status of defined benefit pension and postretirement plans as assets or liabilities in its consolidated statements of financial position, and changes in that funded status in the year in which the changes occur through changes in unrestricted net assets.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Student Loan Funds
Funds provided by the United States Government under the Federal Perkins Loan Program are loaned to qualified students and may be re-loaned after collection. These funds are ultimately refundable to the government and are included as liabilities in the consolidated statements of financial position. Revenues from other government grants are recognized as they are earned in accordance with the applicable agreement.

Guaranteed Access to Education Program
The University participated in the Guaranteed Access to Education (GATE) loan program. Under this program, the University recognizes future residual cash flows as an asset. Based on historical default rates and other assumptions, the residual receivables are $631,189 and $728,671 as of June 30, 2014 and 2013, respectively. These amounts are recorded in the consolidated statements of financial position in prepaid expenses and other assets. Also under this program, the University recognizes the discounted estimated pledge contribution as a liability. The liability related to the GATE program is $444,841 and $803,939 as of June 30, 2014 and 2013, respectively. These amounts are recorded in the consolidated statements of financial position in accounts payable and accrued expenses.

Interest Rate Swap Agreements
The University uses interest rate swap agreements as part of its risk management strategy from time to time. The University currently holds a standard swap that is not tied to a bond issuance. Interest rate swap transactions are recognized as either assets or liabilities and are measured at fair value. Gains and losses on settlements and changes in the fair values of the interest rate swap transactions are reflected in the consolidated statements of activities.

Functional Allocation of Expenses
Expenses are reported in the consolidated statements of activities in categories recommended by the National Association of College and University Business officers, which is also in accordance with generally accepted accounting principles. The University’s primary program is instruction. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of the primary program. Institutional support represents supporting services expenses. Fundraising expenses totaled approximately $4,624,000 and $3,930,000, for the years ended June 30, 2014 and 2013, respectively.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes Collected and Remitted to Government Authorities
The College presents sales net of taxes collected.

Income Taxes
The University has been recognized by the IRS as an organization exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The University has also been classified as an organization that is not a private foundation.

Laurentian Properties is organized as a limited liability company; therefore all income passes through to the University as sole member and is subject to unrelated business income taxes.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)
For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. As of June 30, 2014 and 2013, the University did not have a liability for uncertain tax positions. The University files tax returns in the U.S. federal jurisdiction and New York State. As the three year examination period has elapsed, the University is no longer subject to U.S. federal and state income tax examinations by tax authorities for years through 2010.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30:

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and charitable remainder trusts receivable</td>
<td>$9,469,643</td>
<td>$8,274,632</td>
</tr>
<tr>
<td>Annuity and life income funds</td>
<td>2,447,844</td>
<td>3,035,972</td>
</tr>
<tr>
<td>Gifts and other unexpended revenues for capital projects</td>
<td>765,533</td>
<td>1,865,892</td>
</tr>
<tr>
<td>Gifts and other unexpended revenues for operations</td>
<td>4,895,845</td>
<td>5,764,986</td>
</tr>
<tr>
<td>Endowment earnings</td>
<td>102,460,020</td>
<td>80,601,639</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$120,038,885</strong></td>
<td><strong>$99,543,121</strong></td>
</tr>
</tbody>
</table>

Net assets were released from restriction for the following purposes for the years ended June 30:

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and charitable remainder trusts receivable</td>
<td>$494,150</td>
<td>$519,148</td>
</tr>
<tr>
<td>Gifts and other unexpended revenues for capital projects</td>
<td>1,517,986</td>
<td>64,385</td>
</tr>
<tr>
<td>Gifts and other unexpended revenues for operations</td>
<td>3,385,061</td>
<td>2,042,996</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,397,197</strong></td>
<td><strong>$2,628,529</strong></td>
</tr>
</tbody>
</table>

4. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following at June 30:

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and charitable remainder trusts receivable</td>
<td>$3,262,600</td>
<td>$3,091,061</td>
</tr>
<tr>
<td>Annuity and life income funds</td>
<td>1,430,075</td>
<td>1,211,649</td>
</tr>
<tr>
<td>Loan funds</td>
<td>697,458</td>
<td>697,458</td>
</tr>
<tr>
<td>Donor restricted investments</td>
<td>113,673,533</td>
<td>110,330,491</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$119,063,666</strong></td>
<td><strong>$115,330,659</strong></td>
</tr>
</tbody>
</table>
5. LAURENTIAN PROPERTIES

Laurentian Properties operates a hotel and restaurant facility in Canton, New York. The following activity of Laurentian Properties is included in the consolidated statements of activities as revenues and expenses of auxiliary enterprises for the years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Laurentian Properties revenues</td>
<td>$3,798,131</td>
<td>$3,627,155</td>
</tr>
<tr>
<td>Total Laurentian Properties expenses</td>
<td>(3,603,369)</td>
<td>(3,523,983)</td>
</tr>
<tr>
<td>Revenue in excess of expenses</td>
<td>$194,762</td>
<td>$103,172</td>
</tr>
</tbody>
</table>

Total Laurentian Properties' assets of $3,387,626 and $3,286,100 and total Laurentian Properties' liabilities of $1,175,462 and $1,535,280 as of June 30, 2014 and 2013, respectively, are included in the consolidated statements of financial position.

6. CONTRIBUTIONS RECEIVABLE

Unconditional pledges at June 30 are expected to be collected in the following periods:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$331,750</td>
<td>$696,279</td>
</tr>
<tr>
<td>One year to five years</td>
<td>1,150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Over five years</td>
<td>21,591,978</td>
<td>21,863,629</td>
</tr>
<tr>
<td></td>
<td>23,073,728</td>
<td>22,709,908</td>
</tr>
<tr>
<td>Less: Allowance for uncollectible amounts</td>
<td>(1,153,686)</td>
<td>(1,135,495)</td>
</tr>
<tr>
<td>Less: Present value discount</td>
<td>(11,698,845)</td>
<td>(12,611,995)</td>
</tr>
<tr>
<td></td>
<td>10,223,397</td>
<td>8,962,418</td>
</tr>
<tr>
<td>Charitable remainder trusts</td>
<td>2,508,844</td>
<td>2,403,276</td>
</tr>
<tr>
<td></td>
<td>$12,732,241</td>
<td>$11,365,694</td>
</tr>
</tbody>
</table>

The University uses discount rates to calculate present value ranging from .55% to 8.85%.

As of June 30, 2014, the University had received and not recognized conditional promises and bequests with a future value of approximately $13,401,000.
7. LOANS RECEIVABLE

Loans receivable consisted of the following at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student loans:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government revolving</td>
<td>$ 3,069,093</td>
<td>$ 3,030,288</td>
</tr>
<tr>
<td>Institutional</td>
<td>632,829</td>
<td>745,482</td>
</tr>
<tr>
<td>Faculty and staff</td>
<td>117,108</td>
<td>137,350</td>
</tr>
<tr>
<td></td>
<td>3,819,030</td>
<td>3,913,120</td>
</tr>
<tr>
<td>Less: Allowance for</td>
<td>(516,525)</td>
<td>(589,762)</td>
</tr>
<tr>
<td>doubtful accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 3,302,505</td>
<td>$ 3,323,358</td>
</tr>
</tbody>
</table>

Governmental revolving loans are funded principally with federal advances to the University under the Perkins Loan Program. These advances totaled approximately $2,999,000 and $3,015,000 as of June 30, 2014 and 2013, respectively, and are classified as liabilities in the consolidated statements of financial position. Interest earned on the revolving loan programs is reinvested to support additional loans. The repayment and interest rate terms of the institutional loans vary.

Perkins student loans and institutional loans receivable allowances for doubtful accounts changed as follows for the years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>Perkins Student Loans</th>
<th>Institutional Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for doubtful</td>
<td>$ (185,002)</td>
<td>$ (375,128)</td>
</tr>
<tr>
<td>accounts - July 1, 2012</td>
<td>-</td>
<td>(29,632)</td>
</tr>
<tr>
<td>Increases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowance for doubtful</td>
<td>(185,002)</td>
<td>(404,760)</td>
</tr>
<tr>
<td>accounts - June 30, 2013</td>
<td>(14,787)</td>
<td>(59,571)</td>
</tr>
<tr>
<td>Increases</td>
<td>-</td>
<td>147,595</td>
</tr>
<tr>
<td>Write-offs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowance for doubtful</td>
<td>$ (199,789)</td>
<td>$ (316,736)</td>
</tr>
<tr>
<td>accounts - June 30, 2014</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7. LOANS RECEIVABLE (Continued)

At June 30, 2014, the following amounts were outstanding for Perkins student loans and institutional loans receivable:

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>1 - 59 Days</th>
<th>60 - 89 Days</th>
<th>90+ Days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perkins student</td>
<td>$2,494,091</td>
<td>$43,041</td>
<td>$57,256</td>
<td>$474,705</td>
<td>$3,069,093</td>
</tr>
<tr>
<td>loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Allowance</td>
<td>(124,613)</td>
<td>(2,152)</td>
<td>(2,863)</td>
<td>(70,161)</td>
<td>(199,789)</td>
</tr>
<tr>
<td></td>
<td>$2,369,478</td>
<td>$40,889</td>
<td>$54,393</td>
<td>$404,544</td>
<td>$2,869,304</td>
</tr>
<tr>
<td>Institutional loans</td>
<td>$551,252</td>
<td>$24,005</td>
<td>$23,125</td>
<td>$34,447</td>
<td>$632,829</td>
</tr>
<tr>
<td>Less: Allowance</td>
<td>(275,142)</td>
<td>(12,002)</td>
<td>(11,563)</td>
<td>(18,029)</td>
<td>(316,736)</td>
</tr>
<tr>
<td></td>
<td>$276,110</td>
<td>$12,003</td>
<td>$11,562</td>
<td>$16,418</td>
<td>$316,093</td>
</tr>
</tbody>
</table>

At June 30, 2013, the following amounts were outstanding for Perkins student loans and institutional loans receivable:

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>1 - 59 Days</th>
<th>60 - 89 Days</th>
<th>90+ Days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perkins student</td>
<td>$2,586,045</td>
<td>$41,516</td>
<td>$47,950</td>
<td>$354,777</td>
<td>$3,030,288</td>
</tr>
<tr>
<td>loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Allowance</td>
<td>(128,374)</td>
<td>(2,076)</td>
<td>(2,398)</td>
<td>(52,154)</td>
<td>(185,002)</td>
</tr>
<tr>
<td></td>
<td>$2,457,671</td>
<td>$39,440</td>
<td>$45,552</td>
<td>$302,623</td>
<td>$2,845,286</td>
</tr>
<tr>
<td>Institutional loans</td>
<td>$516,771</td>
<td>$27,014</td>
<td>$15,125</td>
<td>$186,572</td>
<td>$745,482</td>
</tr>
<tr>
<td>Less: Allowance</td>
<td>(258,745)</td>
<td>(13,507)</td>
<td>(7,563)</td>
<td>(124,945)</td>
<td>(404,762)</td>
</tr>
<tr>
<td></td>
<td>$258,026</td>
<td>$13,507</td>
<td>$7,562</td>
<td>$61,627</td>
<td>$340,722</td>
</tr>
</tbody>
</table>
8. **LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment at June 30 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$2,662,483</td>
<td>$2,662,483</td>
</tr>
<tr>
<td>Land improvements</td>
<td>19,730,649</td>
<td>19,313,089</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>230,607,240</td>
<td>228,734,950</td>
</tr>
<tr>
<td>Equipment, art, and books</td>
<td>52,267,786</td>
<td>49,143,616</td>
</tr>
<tr>
<td></td>
<td>305,268,158</td>
<td>299,854,138</td>
</tr>
</tbody>
</table>

Less: Accumulated depreciation

|                          | (152,856,849) | (143,104,511) |

|                          | 152,411,309 | 156,749,627 |

Construction in progress

|                          | 14,622,258 | 1,159,087 |

|                          | 167,033,567 | 157,903,714 |

Depreciation expense for the years ended June 30, 2014 and 2013 was approximately $10,166,000 and $9,772,000, respectively.

Construction in progress includes certain projects started but not completed at year end, the most significant of which is renovations to various residential halls. The estimated cost to complete these projects was approximately $3,900,000 and $14,376,000 at June 30, 2014 and 2013, respectively.

**Asset Retirement Obligation (ARO)**

In the normal course of operations, the University performs maintenance and repairs on its facilities in addition to renovation projects. As part of these activities, the University has identified areas containing hazardous materials that legally require removal at some point in the future. The primary material identified was asbestos that was used in the initial construction of many buildings at the University.

The following table details the activity in the University's asset retirement obligation for the years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARO, beginning of year</td>
<td>$4,030,181</td>
<td>$3,961,871</td>
</tr>
<tr>
<td>Add: Current year accretion</td>
<td>184,648</td>
<td>175,939</td>
</tr>
<tr>
<td>Less: Settled obligations</td>
<td>(86,020)</td>
<td>(108,629)</td>
</tr>
<tr>
<td>ARO, end of year</td>
<td>$4,128,809</td>
<td>$4,030,181</td>
</tr>
</tbody>
</table>
9. INVESTMENTS

Investments are stated at fair value. Investments by type included the following at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,658,413</td>
<td>$6,279,797</td>
</tr>
<tr>
<td>Fixed income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>14,353,925</td>
<td>13,685,757</td>
</tr>
<tr>
<td>Commingled fund</td>
<td>28,073,590</td>
<td>23,644,324</td>
</tr>
<tr>
<td>Equities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stocks</td>
<td>12,644,347</td>
<td>11,348,525</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>19,483,217</td>
<td>17,462,364</td>
</tr>
<tr>
<td>Commingled funds</td>
<td>117,270,012</td>
<td>103,329,783</td>
</tr>
<tr>
<td>Hedge funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long/short funds</td>
<td>24,063,805</td>
<td>21,532,920</td>
</tr>
<tr>
<td>Absolute return funds</td>
<td>30,573,673</td>
<td>30,883,880</td>
</tr>
<tr>
<td>Private equity funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private capital funds</td>
<td>6,092,495</td>
<td>5,688,039</td>
</tr>
<tr>
<td>Private real estate fund</td>
<td>2,635,678</td>
<td>2,342,255</td>
</tr>
<tr>
<td>Real asset funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>4,132,397</td>
<td>4,144,750</td>
</tr>
<tr>
<td>Commingled funds</td>
<td>12,471,212</td>
<td>7,189,789</td>
</tr>
<tr>
<td>Real estate</td>
<td>3,369,629</td>
<td>3,583,821</td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash surrender value of life insurance</td>
<td>791,254</td>
<td>631,745</td>
</tr>
<tr>
<td></td>
<td>$283,613,647</td>
<td>$251,747,749</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest</td>
<td>$3,752,687</td>
<td>$3,212,670</td>
</tr>
<tr>
<td>Net realized/unrealized gains</td>
<td>36,853,326</td>
<td>27,730,907</td>
</tr>
<tr>
<td>Management fees</td>
<td>(2,505,380)</td>
<td>(2,517,589)</td>
</tr>
<tr>
<td>Total return on investments</td>
<td>38,100,633</td>
<td>28,425,988</td>
</tr>
<tr>
<td>Investment return designated for current operations</td>
<td>(11,829,947)</td>
<td>(11,105,328)</td>
</tr>
<tr>
<td>Investment return in excess of amounts designated for current operations</td>
<td>$26,270,686</td>
<td>$17,320,660</td>
</tr>
</tbody>
</table>
10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in valuation methodologies used at June 30, 2014 and 2013.

The University's investment cash and cash equivalents, fixed income mutual and comingled funds, common stocks, equity mutual and a portion of comingled funds, and real estate mutual and a portion of comingled funds are valued at the last reported sale price on the last business day of the fiscal year. Quoted market prices are obtained from the national securities exchanges or, in cases where securities are not listed on any of the exchanges, from brokerage firms.

The University's investments in real estate are valued at the most recent appraised value of the property conducted by a qualified professional with knowledge of the relevant geographic location and/or property.

Cash surrender value of life insurance is valued at the current surrender value as provided by the insurance company.

The University utilized the net asset value (NAV) reported by a portion of the comingled funds, hedge funds, and real estate commingled funds as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that the redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. In 2014 and 2013, alternative investments that could be redeemed at NAV or its equivalent as of the statement of financial position date are classified as Level 2, while those that could not be redeemed at NAV or its equivalent as of the statement of financial position date are classified as Level 3.

Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and consequently, the fair value of the University's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the University's interest in the funds.

The fair values of the private capital funds and private real estate funds have been determined by the general partner using various inputs requiring significant judgments and estimates. Distributions are received from liquidation of the underlying assets of the funds. As of year-end, it is probable that the investments in this class will be sold at an amount different from the University's recorded ownership interest in the partners' capital.

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

The University's charitable remainder trusts are valued at estimated present value of the funds to be received when the trust terminates using various assumptions with regard to the anticipated date of termination, appropriate rate of discount, and market returns.

The University's common trust funds are valued using a pricing model that includes recently executed transactions and relevant market price quotations.
10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The fair value of the interest rate swap is based on estimates obtained from intermediary banks. The intermediary bank values the swap based on the expected cash flows from transactions between the University and the intermediary bank which are subject to the interest rate swap agreement using relevant mid-market data inputs and based on the assumption of no unusual market conditions or forced liquidation.

The carrying amounts of cash and cash equivalents, other than cash and cash equivalents in pooled investment funds, approximate fair value due to the short term nature of these instruments. The fair value of these instruments is determined to be a Level 1 measurement within the fair value hierarchy.

The fair value of long-term debt was estimated using a discounted cash flow analysis using current borrowing rates for similar types of arrangements. The fair value of debt is determined to be a Level 2 measurement within the fair value hierarchy.

Perkins rates are determined by the Federal government and the related notes and loans receivable cannot be sold. For this reason, fair value cannot be reasonably determined.

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. The University’s Investment Committee assesses these policies and procedures. At least annually, management (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

The objectives of the University’s alternative investments are as follows:

- **Commingled equity and common trust funds** - seek to match the return of the Standard & Poor’s 500 Index.

- **Long/Short Hedge Funds** - seek to achieve above average returns primarily through investing and trading in securities of both domestic and foreign issuers. Additionally, the funds may engage in short sales and use this strategy to speculate, hedge or offset other long positions.

- **Absolute Return Hedge Funds** - seek to achieve long term appreciation with limited correlation to general market indices and limited volatility.

- **Private Capital Funds** - invests in common, preferred, and debt securities issued by private entities.

- **Private Real Estate Funds** - invests in fixed income securities, primarily mortgage-backed securities and other real estate funds, for generating attractive, risk-adjusted, absolute returns.

- **Real Asset Commingled Funds** - invests primarily in marketable equity securities in the energy industry.

- **Real Estate** - invests in real property with the intention of obtaining long-term gains.
10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the University's assets and liabilities at fair value as of June 30, 2014:

<table>
<thead>
<tr>
<th>Assets at Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 9,567,436</td>
<td>$</td>
<td></td>
<td>$ 9,567,436</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 7,658,413</td>
<td>$</td>
<td></td>
<td>$ 7,658,413</td>
</tr>
<tr>
<td>Fixed income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>14,353,925</td>
<td>$</td>
<td></td>
<td>$ 14,353,925</td>
</tr>
<tr>
<td>Commingled fund</td>
<td>28,073,590</td>
<td>$</td>
<td></td>
<td>$ 28,073,590</td>
</tr>
<tr>
<td>Equities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stocks</td>
<td>12,644,347</td>
<td>$</td>
<td></td>
<td>$ 12,644,347</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>19,483,217</td>
<td>$</td>
<td></td>
<td>$ 19,483,217</td>
</tr>
<tr>
<td>Commingled funds</td>
<td>9,547,314</td>
<td>107,722,668</td>
<td>$</td>
<td>$ 117,270,012</td>
</tr>
<tr>
<td>Hedge funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long/short funds</td>
<td>-</td>
<td>24,063,805</td>
<td>$</td>
<td>$ 24,063,805</td>
</tr>
<tr>
<td>Absolute return funds</td>
<td>-</td>
<td>9,986,340</td>
<td>20,610,333</td>
<td>$ 30,573,673</td>
</tr>
<tr>
<td>Private equity funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private capital funds</td>
<td>-</td>
<td>-</td>
<td>6,092,495</td>
<td>$ 6,092,495</td>
</tr>
<tr>
<td>Private real estate fund</td>
<td>-</td>
<td>-</td>
<td>2,653,978</td>
<td>$ 2,653,978</td>
</tr>
<tr>
<td>Real asset funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>4,132,397</td>
<td>$</td>
<td></td>
<td>$ 4,132,397</td>
</tr>
<tr>
<td>Commingled funds</td>
<td>1,447,273</td>
<td>11,023,030</td>
<td>$</td>
<td>$ 12,471,212</td>
</tr>
<tr>
<td>Real estate</td>
<td>-</td>
<td>-</td>
<td>3,369,629</td>
<td>$ 3,369,629</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 97,340,476</strong></td>
<td><strong>152,773,782</strong></td>
<td><strong>32,708,135</strong></td>
<td><strong>$ 282,822,393</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets at Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions Receivable -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable remainder trusts</td>
<td>$</td>
<td>$ 2,508,844</td>
<td>$</td>
<td>$ 2,508,844</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets at Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds Held for Deferred Giving</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 260,337</td>
<td>$</td>
<td></td>
<td>$ 260,337</td>
</tr>
<tr>
<td>Fixed income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>270,802</td>
<td>$</td>
<td></td>
<td>$ 270,802</td>
</tr>
<tr>
<td>Common trust funds</td>
<td>-</td>
<td>3,376,403</td>
<td>$</td>
<td>$ 3,376,403</td>
</tr>
<tr>
<td>Equities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>3,120,973</td>
<td>$</td>
<td></td>
<td>$ 3,120,973</td>
</tr>
<tr>
<td>Common trust funds</td>
<td>-</td>
<td>1,614,256</td>
<td>$</td>
<td>$ 1,614,256</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 3,861,112</strong></td>
<td><strong>4,990,659</strong></td>
<td><strong>$</strong></td>
<td><strong>$ 8,851,771</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets at Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits with Bond Trustees -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 1,335,606</td>
<td>$</td>
<td></td>
<td>$ 1,335,606</td>
</tr>
</tbody>
</table>
### 10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

<table>
<thead>
<tr>
<th>Liabilities at Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Rate Swap Agreements</strong></td>
<td>$</td>
<td>$(2,259,449)</td>
<td>$</td>
<td>$(2,259,449)</td>
</tr>
</tbody>
</table>

Assets and liabilities not measured at fair value, but for which fair values are disclosed are as follows at June 30, 2014:

<table>
<thead>
<tr>
<th>Debt Obligations</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital lease obligation</td>
<td>$</td>
<td>$2,904,950</td>
<td>$</td>
<td>$2,904,950</td>
</tr>
<tr>
<td>St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001A Series</td>
<td>-</td>
<td>45,137,832</td>
<td>-</td>
<td>45,137,832</td>
</tr>
<tr>
<td>2005 Series</td>
<td>-</td>
<td>12,453,067</td>
<td>-</td>
<td>12,453,067</td>
</tr>
<tr>
<td>2012A Series</td>
<td>-</td>
<td>43,984,968</td>
<td>-</td>
<td>43,984,968</td>
</tr>
<tr>
<td>2012B Series</td>
<td>-</td>
<td>4,248,921</td>
<td>-</td>
<td>4,248,921</td>
</tr>
<tr>
<td>Term loan</td>
<td>-</td>
<td>800,000</td>
<td>-</td>
<td>800,000</td>
</tr>
</tbody>
</table>


$ - $109,530,638 $ - $109,530,638

The following table sets forth by level, within the fair value hierarchy, the University’s assets and liabilities at fair value as of June 30, 2013:

<table>
<thead>
<tr>
<th>Assets at Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td>$13,880,824</td>
<td>$</td>
<td>$</td>
<td>$13,880,824</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets at Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments</strong></td>
<td>$6,279,797</td>
<td>$</td>
<td>$</td>
<td>$6,279,797</td>
</tr>
<tr>
<td><strong>Fixed income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>13,085,757</td>
<td>-</td>
<td>-</td>
<td>13,085,757</td>
</tr>
<tr>
<td>Consigned funds</td>
<td>23,644,324</td>
<td>-</td>
<td>-</td>
<td>23,644,324</td>
</tr>
<tr>
<td><strong>Equities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stocks</td>
<td>11,348,525</td>
<td>-</td>
<td>-</td>
<td>11,348,525</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>17,462,364</td>
<td>-</td>
<td>-</td>
<td>17,462,364</td>
</tr>
<tr>
<td>Consigned funds</td>
<td>5,413,838</td>
<td>97,915,945</td>
<td>-</td>
<td>103,329,783</td>
</tr>
<tr>
<td><strong>Hedge funds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long/short funds</td>
<td>-</td>
<td>21,358,533</td>
<td>174,387</td>
<td>21,532,920</td>
</tr>
<tr>
<td>Absolute return funds</td>
<td>-</td>
<td>9,245,372</td>
<td>21,638,608</td>
<td>30,883,880</td>
</tr>
<tr>
<td><strong>Private equity funds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private capital funds</td>
<td>-</td>
<td>-</td>
<td>5,688,039</td>
<td>5,688,039</td>
</tr>
<tr>
<td>Private real estate fund</td>
<td>-</td>
<td>-</td>
<td>2,342,255</td>
<td>2,342,255</td>
</tr>
<tr>
<td><strong>Real asset funds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>4,144,750</td>
<td>-</td>
<td>-</td>
<td>4,144,750</td>
</tr>
<tr>
<td>Consigned funds</td>
<td>1,200,487</td>
<td>5,989,302</td>
<td>-</td>
<td>7,189,789</td>
</tr>
<tr>
<td><strong>Real estate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$33,179,842 | $134,509,152 | $33,427,010 | $251,115,004

<table>
<thead>
<tr>
<th>Assets at Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributions Receivable</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable remainder trusts</td>
<td>$</td>
<td>$2,403,276</td>
<td>$</td>
<td>$2,403,276</td>
</tr>
</tbody>
</table>

19
10. **FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

### Assets at Fair Value

<table>
<thead>
<tr>
<th>Funds Held for Deferred Giving</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$164,564</td>
<td>$</td>
<td>$</td>
<td>$164,564</td>
</tr>
<tr>
<td>Fixed income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>259,867</td>
<td>$</td>
<td></td>
<td>259,867</td>
</tr>
<tr>
<td>Common trust funds</td>
<td>-</td>
<td>3,069,753</td>
<td>-</td>
<td>3,069,753</td>
</tr>
<tr>
<td>Equities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>2,631,633</td>
<td>-</td>
<td>-</td>
<td>2,631,633</td>
</tr>
<tr>
<td>Common trust funds</td>
<td>-</td>
<td>1,828,204</td>
<td>-</td>
<td>1,828,204</td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>-</td>
<td>-</td>
<td>916,339</td>
<td>916,339</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3,056,064</td>
<td>$4,897,957</td>
<td>$916,339</td>
<td>$8,870,350</td>
</tr>
</tbody>
</table>

### Assets at Fair Value

<table>
<thead>
<tr>
<th>Deposits with Bond Trustees</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,640,443</td>
<td>$</td>
<td>$</td>
<td>$2,640,443</td>
</tr>
</tbody>
</table>

### Liabilities at Fair Value

<table>
<thead>
<tr>
<th>Interest Rate Swap Agreements</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$2,003,700</td>
<td>$</td>
<td>$(2,003,700)</td>
</tr>
</tbody>
</table>

Assets and liabilities not measured at fair value, but for which fair values are disclosed are as follows at June 30, 2013:

### Debt Obligations

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital lease obligation</td>
<td>$</td>
<td>$1,680,092</td>
<td>$</td>
<td>$1,680,092</td>
</tr>
<tr>
<td>St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001A Series</td>
<td>-</td>
<td>46,264,974</td>
<td>-</td>
<td>46,264,974</td>
</tr>
<tr>
<td>2005 Series</td>
<td>-</td>
<td>12,546,782</td>
<td>-</td>
<td>12,546,782</td>
</tr>
<tr>
<td>2012 Series</td>
<td>-</td>
<td>44,877,650</td>
<td>-</td>
<td>44,877,650</td>
</tr>
<tr>
<td>Term loan</td>
<td>-</td>
<td>900,000</td>
<td>-</td>
<td>900,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$</td>
<td>$106,369,498</td>
<td>$</td>
<td>$106,369,498</td>
</tr>
</tbody>
</table>
10. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 3 Gains and Losses
The following table sets forth a summary of changes in the fair value of the University’s Level 3 assets for the year ended June 30, 2014.

<table>
<thead>
<tr>
<th></th>
<th>Investments</th>
<th>Charitable Remainder Trusts</th>
<th>Funds held for Deferred Giving</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at July 1, 2012</td>
<td>$ 50,042,817</td>
<td>$ 2,540,718</td>
<td>$ 916,339</td>
</tr>
<tr>
<td>Total gains or losses (realized and unrealized) included in non-operating revenues</td>
<td>6,940,883</td>
<td>(137,442)</td>
<td>-</td>
</tr>
<tr>
<td>Purchases</td>
<td>1,721,178</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sales</td>
<td>(9,893,106)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers out of Level 3</td>
<td>(15,324,562)</td>
<td>(2,403,276)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at June 30, 2013</td>
<td>33,427,010</td>
<td>-</td>
<td>916,339</td>
</tr>
<tr>
<td>Total gains or losses (realized and unrealized) included in non-operating revenues</td>
<td>(477,698)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Purchases</td>
<td>737,353</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sales</td>
<td>(976,043)</td>
<td>-</td>
<td>(916,339)</td>
</tr>
<tr>
<td>Balance at June 30, 2014</td>
<td>$ 32,710,822</td>
<td>$ 2,540,718</td>
<td>$ 916,339</td>
</tr>
</tbody>
</table>

Reclassifications out of Level 3 investments represent alternative investment funds that were previously subject to a lock-up period. The lock-up period has now expired, allowing the alternative investments to be classified as Level 2, as they are subject to redemption at NAV or its equivalent. The University also reclassified the split interest agreements previously held in Level 3 to Level 2 due to clarification of the inputs utilized to value these assets. The University’s policy is to recognize reclassifications as of the end of the year in which the change arose.

Since the University uses third-party dealer quotes to estimate the fair value of its Level 3 securities, the valuation techniques and significant inputs used in recurring Level 3 fair value measurements of assets as of June 30, 2014 have not been provided.

The nature and risk of certain investments by major category are presented as follows:

<table>
<thead>
<tr>
<th>Fair Value</th>
<th>Unfunded Commitments</th>
<th>Redemption Provisions</th>
<th>Expected Liquidation Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity commingled funds</td>
<td>$ 107,722,698</td>
<td>$ -</td>
<td>Varies from 100% monthly with 6 days notice to 100% semi-annually with 15 days notice</td>
</tr>
<tr>
<td>Long/short hedge funds</td>
<td>24,063,805</td>
<td>-</td>
<td>Varies from 100% quarterly with 30 days notice to no redemption period</td>
</tr>
<tr>
<td>Absolute return hedge funds</td>
<td>30,576,873</td>
<td>-</td>
<td>Varies from 100% quarterly with 60 days notice to no redemption period</td>
</tr>
<tr>
<td>Private capital fund</td>
<td>6,092,495</td>
<td>2,620,000</td>
<td>No redemption period</td>
</tr>
<tr>
<td>Private real estate fund</td>
<td>2,635,578</td>
<td>-</td>
<td>No redemption period</td>
</tr>
<tr>
<td>Real asset commingled fund</td>
<td>12,471,212</td>
<td>-</td>
<td>Varies from 100% monthly with 5 days notice to 100% monthly with 60 days notice</td>
</tr>
</tbody>
</table>

$ 183,582,581 $ 2,620,000
11. ENDOWMENT

On September 17, 2010, the State of New York adopted a version of the Uniform Prudent Management of Institutional Funds Act (NYPMIFA). The University has interpreted NYPMIFA 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 instructions to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. 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 NYPMIFA requires the University to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature are reported in unrestricted net assets. Deficiencies would result from unfavorable market fluctuations that occur after the investment of permanently restricted contributions and continued appropriation as deemed prudent by the University. The University had funds with deficiencies totaling approximately $1,000 and $13,000, at June 30, 2014 and 2013 respectively.

Endowment Investment Policies
Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) 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 preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets while assuming a moderate level of investment risk.

Endowment Investment and Spending Policies
The University has an endowment “total return” investment spending policy. It is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets. The amount of endowment investment return (yield and appreciation) used annually to support operations is equivalent to 5.2% and 5.3% of the weighted average of these investments over the prior twelve quarters for the years ended June 30, 2014 and 2013, respectively. The University will decrease the spending rate by 10 basis points annually until it reaches 5.0%. Investment returns equal to the annual spending rate are reflected as operating support and investment returns in excess of the spending rate are reflected as nonoperating support in the accompanying consolidated statements of activities. Spending in excess of investment return is reflected as a decrease in unrestricted net assets.
11. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of June 30, 2014 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-restricted funds</td>
<td>$ 67,742,164</td>
<td>$ 102,460,020</td>
<td>$ 113,673,533</td>
<td>$ 216,133,553</td>
</tr>
<tr>
<td>Board-designated funds</td>
<td>67,742,164</td>
<td>-</td>
<td>-</td>
<td>67,742,164</td>
</tr>
<tr>
<td><strong>Total funds</strong></td>
<td>$ 67,742,164</td>
<td>$ 102,460,020</td>
<td>$ 113,673,533</td>
<td>$ 283,875,717</td>
</tr>
</tbody>
</table>

Endowment net asset composition by type of fund as of June 30, 2013 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-restricted funds</td>
<td>$ 60,489,258</td>
<td>$ 80,601,638</td>
<td>$ 110,330,491</td>
<td>$ 190,932,130</td>
</tr>
<tr>
<td>Board-designated funds</td>
<td>60,489,258</td>
<td>-</td>
<td>-</td>
<td>60,489,258</td>
</tr>
<tr>
<td><strong>Total funds</strong></td>
<td>$ 60,489,258</td>
<td>$ 80,601,638</td>
<td>$ 110,330,491</td>
<td>$ 251,421,388</td>
</tr>
</tbody>
</table>

Changes in endowment net assets for the fiscal year ended June 30, 2014 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>$ 60,489,258</td>
<td>$ 80,601,638</td>
<td>$ 110,330,491</td>
<td>$ 251,421,388</td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 38,052</td>
<td>-</td>
<td>$ 3,055,397</td>
<td>$ 3,093,449</td>
</tr>
<tr>
<td>Transfer from other funds</td>
<td>$ 1,296,840</td>
<td>-</td>
<td>$ 287,545</td>
<td>1,584,385</td>
</tr>
<tr>
<td>Net appreciation</td>
<td>$ 8,075,719</td>
<td>$ 28,755,372</td>
<td>-</td>
<td>35,833,091</td>
</tr>
<tr>
<td>Amount appropriated for expenditure</td>
<td>(2,181,765)</td>
<td>(6,896,981)</td>
<td>-</td>
<td>(9,078,746)</td>
</tr>
<tr>
<td><strong>Endowment net assets, end of year</strong></td>
<td>$ 67,742,164</td>
<td>$ 102,460,020</td>
<td>$ 113,673,533</td>
<td>$ 283,875,717</td>
</tr>
</tbody>
</table>

Changes in endowment net assets for the fiscal year ended June 30, 2013 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>$ 55,724,732</td>
<td>$ 66,591,111</td>
<td>$ 107,970,279</td>
<td>$ 230,276,122</td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 21,603</td>
<td>-</td>
<td>$ 2,018,540</td>
<td>$ 2,040,143</td>
</tr>
<tr>
<td>Transfer from other funds</td>
<td>$ 652,432</td>
<td>-</td>
<td>$ 341,872</td>
<td>994,304</td>
</tr>
<tr>
<td>Net appreciation</td>
<td>$ 6,341,578</td>
<td>$ 20,081,663</td>
<td>-</td>
<td>26,423,241</td>
</tr>
<tr>
<td>Amount appropriated for expenditure</td>
<td>(2,251,087)</td>
<td>(6,081,135)</td>
<td>-</td>
<td>(8,312,222)</td>
</tr>
<tr>
<td><strong>Endowment net assets, end of year</strong></td>
<td>$ 60,489,258</td>
<td>$ 80,601,638</td>
<td>$ 110,330,491</td>
<td>$ 251,421,388</td>
</tr>
</tbody>
</table>
12. DEBT OBLIGATIONS

Debt obligations outstanding at June 30 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital lease obligations (a)</td>
<td>$ 2,904,950</td>
<td>$ 1,680,092</td>
</tr>
<tr>
<td>St. Lawrence County Industrial Development Agency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civic Facility Revenue Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996 Series (b)</td>
<td>-</td>
<td>180,000</td>
</tr>
<tr>
<td>2001A Series (c)</td>
<td>41,400,000</td>
<td>41,400,000</td>
</tr>
<tr>
<td>2005 Series (d)</td>
<td>11,945,000</td>
<td>13,065,000</td>
</tr>
<tr>
<td>2012 Series (e)</td>
<td>44,430,000</td>
<td>44,445,000</td>
</tr>
<tr>
<td>Total University obligations</td>
<td>100,679,950</td>
<td>100,770,092</td>
</tr>
</tbody>
</table>

|                      |            |            |
| Laurentian Properties|            |            |
| Term loan (f)        | 800,000    | 900,000    |
| Total debt obligations outstanding, unamortized premium and discount | 101,479,950 | 101,670,092 |
| Unamortized premium and discount, net | 7,176,829 | 7,832,202 |
| Total debt obligations outstanding, net of unamortized premium and discount | $108,656,779 | $109,502,294 |

a) The University entered into capital lease obligations for computer, laundry, and IT equipment. The original amount of all the capital lease obligations was $5,202,775 and they bear interest at rates ranging from 2% to 5%. Under the terms of the agreements, the lender has established liens on the related assets. The leases require periodic payments ranging between $10,870 and $370,919, maturing in various dates through September 2017.

b) In June 1996, the University issued $11,580,000 of Series 1996 St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds. The purpose of the bond issue was for campus renovations and refinancing of the 1985 Series Pooled Cap Band St. Lawrence County IDA Civic Facility Revenue Bonds. The bonds bore interest at rates ranging from 4.25% to 5.625% and were fully repaid in 2014.

c) In October 2001, the University issued $41,400,000 of Series 2001A St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds. The proceeds of the bonds were used to finance the construction of a new student center, student townhouses, science facilities, and other campus-wide improvements. The bonds were issued as auction rate bonds. On July 1, 2009, the bonds were converted to fixed rate bonds. Bonds totaling $1,500,000 bear interest at 4% and mature in 2014, and bonds totaling $39,900,000 bear interest at 5% and mature in October 2016. The bonds are secured by a pledge of tuition revenues, which include tuition and fees charged by the University to students for academic instruction, and the right to receive such tuition and fees, in an amount equal to the maximum debt service payable on the bonds in any bond year. The bonds are reported in the statements of financial position net of unamortized premium of approximately $909,000 and $1,364,000 at June 30, 2014 and 2013, respectively. The premium on the bonds is being amortized to reduce interest expense over the lives of the bonds. Imputed reduction on interest expense of $455,000 was reported in the accompanying statements of activities for the years ended June 30, 2014 and 2013.
d) In December 2005, the University issued $20,850,000 of Series 2005 St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds. The proceeds of the bonds were used to finance the construction of a new science center. The bonds were issued as auction rate bonds. On July 1, 2009, the bonds were converted to fixed rate bonds. The fixed rate bonds bear interest rates from 3% to 5% and mature in varying amounts through July 1, 2016 when the scheduled remaining principal amount of $9,705,000 matures. The bonds are secured by a pledge of tuition revenues, which include tuition and fees charged by the University to students for academic instruction, and the right to receive such tuition and fees, in an amount equal to the maximum debt service payable on the bonds in any bond year. The bonds are reported in the statements of financial position net of unamortized discount of approximately $41,000 and $62,000 at June 30, 2014 and 2013, respectively. The discount on the bonds is being amortized to interest expense over the lives of the bonds. Imputed interest expense of $21,000 was reported in the accompanying statements of activities for the years ended June 30, 2014 and 2013.

e) In December 2012, the University issued $40,180,000 Series 2012A (Tax-Exempt) St. Lawrence Country Industrial Development Agency Civic Development Corporation Bonds and $4,265,000 Series 2012B (Taxable) St. Lawrence Country Industrial Development Agency Civic Development Corporation Bonds. The proceeds of the bonds were used to advance refund the Dormitory Authority of the State of New York (DASNY) St. Lawrence University Revenue Bonds, Series 2008 remarshaled by DASNY on July 1, 2009 in the original principal amount of $46,795,000. The Series 2012A bonds are fixed rate term bonds bearing interest rates from 4% to 5% and maturing in varying amounts through July 1, 2043. The Series 2012B bonds are fixed rate bonds bearing an interest rate of 2.72% and maturing July 1, 2021. The bonds are secured by a pledge of tuition revenues, which include tuition and fees charged by the University to students for academic instruction, and the right to receive such tuition and fees, in an amount equal to the maximum debt service payable on the bonds in any bond year. The bonds are reported in the statement of financial position net of unamortized premiums of approximately $6,308,000 and $6,529,000 at June 30, 2014 and 2013. The premium on the bonds is being amortized to reduce interest expense over the lives of the bonds. Imputed reduction on interest expense of $221,000 and $111,000 was reported in the accompanying statements of activities for the year ended June 30, 2014 and 2013.

f) In June 2007, Laurentian Properties borrowed $1,500,000 from a financial institution to finance the construction of a pool and fitness center. The interest rate on the loan is LIBOR plus 65 basis points (0.8% at June 30, 2014). Monthly principal payments of approximately $8,300 commenced July 2007 and will continue through June 2022. The obligation is guaranteed by the University.

At June 30, 2014, annual principal requirements, including sinking fund deposits were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$4,062,496</td>
</tr>
<tr>
<td>2016</td>
<td>2,177,338</td>
</tr>
<tr>
<td>2017</td>
<td>50,187,045</td>
</tr>
<tr>
<td>2018</td>
<td>1,098,908</td>
</tr>
<tr>
<td>2019</td>
<td>1,035,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>42,919,163</td>
</tr>
</tbody>
</table>

$101,479,950

Interest expense, net of amortization of bond premiums and discounts, was approximately $4,589,000 and $4,825,000 for the years ended June 30, 2014 and 2013, respectively.
12. DEBT OBLIGATIONS (Continued)

Interest Rate Swap Agreements
In October 2005, the University entered into an interest rate swap agreement with an expiration date of October 2031. Neither the University nor the counterparty, which is a prominent financial institution, is required to collateralize their respective obligations under this swap. The purpose of this swap is to effectively fix the interest rate on a piece of variable rate debt and reduce certain exposures to interest rate fluctuations. However, this transaction has not been designated as a hedge and gains and losses on settlements are included in the consolidated statements of activities. The initial notional amount of the swap was $41,400,000. Under the agreement, the University pays the counterparty interest at a fixed rate of 3.634% and receives a variable interest payment at a floating rate of 68% of 10-year-LIBOR. The notional amount does not represent an amount exchanged by the parties, and is thus not a measure of exposure of the University. The amounts exchanged are based on the notional amounts and other terms of the swap. In 2010, the University terminated 50% of the swap with a cash payment of $984,275.

In June 2007, Laurentian Properties entered into an interest rate swap agreement with an expiration date of June 2022. The purpose of this swap is to effectively fix the interest rate on a variable rate term loan. However, this transaction has not been designated as a hedge and gains and losses on settlements are included in the consolidated statements of activities. Under the agreement, Laurentian Properties pays the counterparty interest at a fixed rate of 6.55% and receives a variable interest payment at a floating rate of USD-LIBOR-BBA plus .65%.

The fair value of these swap agreements which is reflected in the statement of financial position was as follows at June 30:

<table>
<thead>
<tr>
<th>Location</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate contract</td>
<td>Fair value swap agreements</td>
<td>$ (2,259,449)</td>
</tr>
</tbody>
</table>

The effect of derivative instruments on the statement of activities and changes in net assets for the year ended June 30, 2014, was as follows:

<table>
<thead>
<tr>
<th>Location of Loss Recognized</th>
<th>Amount of Loss Recognized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate contract</td>
<td>Nonoperating activities</td>
</tr>
</tbody>
</table>

The effect of derivative instruments on the statement of activities and changes in net assets for the year ended June 30, 2013, was as follows:

<table>
<thead>
<tr>
<th>Location of Gain Recognized</th>
<th>Amount of Gain Recognized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate contract</td>
<td>Nonoperating activities</td>
</tr>
</tbody>
</table>

Line-of-Credit
The University has a $5,000,000 operating line-of-credit that is uncollateralized and renews annually. There were no outstanding balances on this line as of June 30, 2014 and 2013.
13. BENEFIT PLANS

The University has the following benefit plans:

(a) Faculty, administrative, and non-exempt employees are participants in retirement plans administered by the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) and Fidelity Management Trust Company (Fidelity). The University accrues the costs of these defined contribution plans currently. The University’s contribution under these plans was approximately $3,655,000 and $4,000,000 in 2014 and 2013, respectively.

(b) The University has a supplemental retirement pension plan, which was frozen on October 5, 1990. The measurement date of the plan is June 30 and information with respect to this plan is detailed below.

(c) Previously, the University also provided health and life insurance benefits for eligible retired employees and their dependents. Effective January 1, 2011, all nonunion retirees (current and future) under age 65 formerly in the self-insured plan administered by POMCO became covered by Excellus Healthy Blue, a fully insured, experience-rated plan. All nonunion retirees (current and future) over age 65 are no longer covered by the University’s health plan and have the option of enrolling in a Medicare Advantage Plan. The plan change decreased the accumulated benefit obligation by $13.6 million. The measurement date of the plan is June 30 and information with respect to this plan is detailed below.

Funded Status
A summary of the postretirement benefit plan’s funded status and amounts recognized in the University’s statements for the years ended June 30 is as follows:

<table>
<thead>
<tr>
<th>Pension Benefits</th>
<th>Postretirement Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>Change in benefit obligation:</td>
<td></td>
</tr>
<tr>
<td>Benefit obligation at beginning of year</td>
<td>$3,280,533</td>
</tr>
<tr>
<td>Service cost</td>
<td>-</td>
</tr>
<tr>
<td>Interest cost</td>
<td>94,939</td>
</tr>
<tr>
<td>Plan participants’ contributions</td>
<td>-</td>
</tr>
<tr>
<td>Settlements</td>
<td>(236,579)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(49,649)</td>
</tr>
<tr>
<td>Actuarial gains</td>
<td>(391,417)</td>
</tr>
<tr>
<td>Benefit obligation at end of period</td>
<td>$2,697,818</td>
</tr>
<tr>
<td>Change in plan assets:</td>
<td></td>
</tr>
<tr>
<td>Fair value of assets, beginning of year</td>
<td>$2,693,357</td>
</tr>
<tr>
<td>Actual return on assets</td>
<td>280,311</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>140,500</td>
</tr>
<tr>
<td>Plan participants’ contributions</td>
<td>-</td>
</tr>
<tr>
<td>Settlements</td>
<td>(236,579)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(49,649)</td>
</tr>
<tr>
<td>Fair value of assets, end of year</td>
<td>$2,827,940</td>
</tr>
<tr>
<td>Funded status</td>
<td>$139,122</td>
</tr>
</tbody>
</table>

27
13. **BENEFIT PLANS (Continued)**

**Financial Statement Recognition**

As of June 30, the following amounts were recognized in the balance sheet:

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits</th>
<th></th>
<th>Postretirement Benefits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>As a liability</td>
<td>$130,122</td>
<td>($587,176)</td>
<td>($4,809,185)</td>
<td>($4,864,196)</td>
</tr>
</tbody>
</table>

Amounts recognized in the statement of activities and change in net assets as of June 30 consists of:

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits</th>
<th></th>
<th>Postretirement Benefits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Net periodic benefit cost</td>
<td>$4,472</td>
<td>$80,482</td>
<td>($1,054,052)</td>
<td>($1,028,555)</td>
</tr>
<tr>
<td>Postretirement benefit related changes other than net periodic benefit cost</td>
<td>($385,685)</td>
<td>($1,2466)</td>
<td>$1,391,369</td>
<td>$1,607,230</td>
</tr>
</tbody>
</table>

As of June 30, 2014, the following items included in net assets had not yet been recognized as components of benefits expense:

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits</th>
<th></th>
<th>Postretirement Benefits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prior Service</td>
<td>Net Loss</td>
<td>Prior Service</td>
<td>Net Loss</td>
</tr>
<tr>
<td>Unrecognized amounts at June 30, 2014</td>
<td>$-</td>
<td>($137,745)</td>
<td>$5,695,872</td>
<td>($3,199,056)</td>
</tr>
<tr>
<td>Expected amortization of unrecognized items in next year's expense</td>
<td>$-</td>
<td>-</td>
<td>($2,273,264)</td>
<td>$425,374</td>
</tr>
</tbody>
</table>

**Assumptions**

Weighted average assumptions used to determine benefit obligations at June 30, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits</th>
<th></th>
<th>Postretirement Benefits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Discount rate</td>
<td>2.70%</td>
<td>3.10%</td>
<td>3.30%</td>
<td>3.60%</td>
</tr>
<tr>
<td>Salary increase</td>
<td>N/A</td>
<td>N/A</td>
<td>4.00%</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

Weighted average assumptions used to determine net periodic benefit cost at June 30, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Pension Benefits</th>
<th></th>
<th>Postretirement Benefits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Discount rate</td>
<td>3.10%</td>
<td>2.40%</td>
<td>3.60%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Expected return on assets</td>
<td>7.00%</td>
<td>7.00%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Salary increase</td>
<td>N/A</td>
<td>N/A</td>
<td>5.00%</td>
<td>5.00%</td>
</tr>
</tbody>
</table>
13. BENEFIT PLANS (Continued)

Assumptions (Continued)
The University consults with and considers the opinions of financial and other professionals in developing an appropriate expected rate of return.

<table>
<thead>
<tr>
<th>Assumption</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care cost trend rate assumed for next year</td>
<td>7.23%</td>
<td>7.38%</td>
</tr>
<tr>
<td>Prescription drug cost trend rate assumed for next year</td>
<td>7.87%</td>
<td>8.25%</td>
</tr>
<tr>
<td>Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)</td>
<td>4.50%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Year that the rate reaches the ultimate trend rate</td>
<td>2030</td>
<td>2030</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Effect on total service and interest cost components</th>
<th>1% Point Increase</th>
<th>1% Point Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect on postretirement benefit obligation</td>
<td>$ 37,350</td>
<td>$(32,802)</td>
</tr>
<tr>
<td>Effect on postretirement benefit obligation</td>
<td>$ 160,893</td>
<td>$(156,191)</td>
</tr>
</tbody>
</table>

Plan Assets
The University consults with the Investment Committee and the University's investment advisor regarding appropriate investment and allocation of the plan's assets.

The University's pension plan had investments that consisted of the following at June 30:

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Street Global Advisors Treasury Fund</td>
<td>$ 7,999</td>
<td>$ 336,390</td>
</tr>
<tr>
<td>PIMCO Total Return Fund</td>
<td>1,586,538</td>
<td>1,364,414</td>
</tr>
<tr>
<td>Vanguard Pacific Stock Index Fund</td>
<td>214,790</td>
<td>187,656</td>
</tr>
<tr>
<td>Vanguard European Stock Index Fund</td>
<td>470,096</td>
<td>363,941</td>
</tr>
<tr>
<td>Vanguard 500 Index Fund</td>
<td>548,517</td>
<td>440,956</td>
</tr>
</tbody>
</table>

$ 2,827,940 $ 2,693,357

The fair value of the University's pension plan investments at June 30, 2014, was determined using the following input levels:

<table>
<thead>
<tr>
<th>Description</th>
<th>Level 1 Inputs</th>
<th>Level 2 Inputs</th>
<th>Level 3 Inputs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>$ 2,827,940</td>
<td>$</td>
<td>-</td>
<td>$ 2,827,940</td>
</tr>
</tbody>
</table>

The fair value of the University's pension plan investments June 30, 2013, was determined using the following input levels:

<table>
<thead>
<tr>
<th>Description</th>
<th>Level 1 Inputs</th>
<th>Level 2 Inputs</th>
<th>Level 3 Inputs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>$ 2,693,357</td>
<td>$</td>
<td>-</td>
<td>$ 2,693,357</td>
</tr>
</tbody>
</table>
13. BENEFIT PLANS (Continued)

Contributions
The University expects that there will be $106,300 in contributions to the pension plan in 2015.

Estimated Future Benefit Payments
The following estimated employer benefit payments, which reflect future service, are expected to be paid:

<table>
<thead>
<tr>
<th>Year</th>
<th>Pension Benefits</th>
<th>Postretirement Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$450,000</td>
<td>$517,000</td>
</tr>
<tr>
<td>2016</td>
<td>$428,000</td>
<td>$599,000</td>
</tr>
<tr>
<td>2017</td>
<td>$287,000</td>
<td>$619,000</td>
</tr>
<tr>
<td>2018</td>
<td>$221,000</td>
<td>$606,000</td>
</tr>
<tr>
<td>2019</td>
<td>$285,000</td>
<td>$602,000</td>
</tr>
<tr>
<td>2020-2024</td>
<td>$447,000</td>
<td>$3,395,000</td>
</tr>
</tbody>
</table>

14. CONTINGENCIES

The University is subject to various legal actions arising out of its operations. The claims are in various stages of development. The University and legal counsel are unable to conclude as to the ultimate outcome of certain actions as the actions are in various stages of discovery. It is the opinion of the University's management that the ultimate liability, if any, resulting from these actions will not have a material impact on the University's financial position, statement of activities, or cash flows.

The University guarantees a bank loan to the Canton Day Care Center (the Center) in the original amount of $1,445,000 to construct a new facility. The loan agreement is dated September 18, 2008, and bears interest of prime plus 1% (3.25% at June 30, 2014). The outstanding loan balance was $1,045,000 at June 30, 2014 and 2013.

15. INSURED RISKS

The University participates in the New York College and University Risk Management Group Trust (the Trust). The Trust pays claims and judgments relating to worker's compensation. The Trust charges the University an annual amount based upon the overall experience of the Trust, including University specific experience. The amount of the University's liability for estimated workers' compensation claims was approximately $142,000 and $173,000 at June 30, 2014 and 2013, respectively, which is included in accounts payable and accrued expenses in the consolidated statements of financial position.

16. RELATED PARTY TRANSACTIONS

The University has engaged a contractor, whose president/owner is a member of the Board of Trustees of the University, to provide construction services for a new residence hall. For the year ended June 30, 2014, fees paid to the contractor for the services were approximately $11,600,000. No fees were paid to the contractor for the year ended June 30, 2013.

The University has an investment totaling approximately $2,200,000 in which a member of the Board of Trustees of the University serves as one of four general partners.
17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 20, 2014, which is the date the financial statements were issued.
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

October 20, 2014

To the Board of Trustees of
St. Lawrence University:

We have audited, in accordance with the auditing standards generally accepted
in the United States and the standards applicable to financial audits contained in
Government Auditing Standards issued by the Comptroller General of the United
States, the consolidated financial statements of St. Lawrence University and
Subsidiary (the University), which comprise the consolidated statement of
financial position as of June 30, 2014, and the related consolidated statements of
activities and changes in net assets, and cash flows for the year then ended, and
the related notes to the financial statements, and have issued our report thereon
dated October 20, 2014.

Internal Control Over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we
considered the University’s internal control over financial reporting (internal
control) to determine the audit procedures that are appropriate in the circumstances
for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the
effectiveness of the University’s internal control. Accordingly, we do not express
an opinion on the effectiveness of the University’s internal control.

A deficiency in internal control exists when the design or operation of a control
does not allow management or employees, in the normal course of performing
their assigned functions, to prevent, or detect and correct misstatements on a
timely basis. A material weakness is a deficiency, or a combination of
deficiencies, in internal control, such that there is a reasonable possibility that a
material misstatement of the entity’s financial statements will not be prevented, or
detected and corrected on a timely basis. A significant deficiency is a deficiency,
or a combination of deficiencies, in internal control that is less severe than a
material weakness, yet important enough to merit attention by those charged with
governance.

Our consideration of internal control was for the limited purpose described in the
first paragraph of this section and was not designed to identify all deficiencies in
internal control that might be material weaknesses or significant deficiencies.
Given these limitations, during our audit we did not identify any deficiencies in
internal control that we consider to be material weaknesses. However, material
weaknesses may exist that have not been identified.

(Continued)
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the University’s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report
This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP