KENYON COLLEGE

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2018 and 2017

KENYON COLLEGE

CONTENTS

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Maloney
Maloney + Novotny LLC

Independent Auditors' Report

The Board of Trustees
Kenyon College
Gambier, Ohio

We have audited the accompanying consolidated financial statements of Kenyon College (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kenyon College as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Maloney + Novotny LLC

Cleveland, Ohio
November 30, 2018

KENYON COLLEGE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 29,723,976	$ 11,491,654
Investments	559,519,216	421,669,774
Accounts and interest receivable	1,702,498	2,033,048
Inventories	1,026,797	1,047,293
Present value of pledges receivable	36,641,709	38,571,837
Loans receivable	4,919,677	5,021,466
Interests in charitable trusts	2,640,188	2,512,700
Property and equipment, net	271,714,952	256,200,624
Other assets	3,919,047	3,979,673
Total assets	$ 911,808,060	$ 742,528,069
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable, accrued expenses and agency funds	$ 9,301,738	$ 11,750,220
Fair value of interest rate swaps	3,184,385	3,703,121
Deposits and advances	2,338,108	2,645,418
Liability for post-retirement benefits	6,727,601	6,390,876
Annuities, life income, pooled life income and unitrust payable	5,140,800	4,651,120
Government loan funds	1,360,735	1,624,930
Capital lease obligations, net	270,037,869	196,425,217
Total liabilities	298,091,236	227,190,902
NET ASSETS		
Unrestricted	295,414,125	270,318,590
Temporarily restricted	114,916,429	47,960,098
Permanently restricted	203,386,270	197,058,479
Total net assets	613,716,824	515,337,167
Total liabilities and net assets	$ 911,808,060	$ 742,528,069

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

KENYON COLLEGE

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
OPERATING REVENUES					
Tuition and mandatory fees	$ 92,390,879			$ 92,390,879	$ 90,190,312
Less: Financial aid	(34,907,937)			(34,907,937)	(32,898,522)
Net tuition and mandatory fees	57,482,942			57,482,942	57,291,790
Auxiliary enterprise revenues	26,967,881			26,967,881	27,498,010
Investment return designated for operations	13,811,315	$ 8,906,357		22,717,672	21,236,915
Private gifts and grants	5,696,645	4,705,877		10,402,522	15,629,756
Government grants	1,726,413			1,726,413	938,650
Miscellaneous fees	164,053			164,053	161,973
Other income	1,223,850	92,007		1,315,857	1,553,552
Net assets released from restrictions	12,329,524	(12,329,524)		-	-
Total operating revenues	119,402,623	1,374,717		120,777,340	124,310,646
OPERATING EXPENSES					
Educational and program expenses					
Instruction	43,974,195			43,974,195	43,150,629
Student services	24,041,502			24,041,502	23,637,207
Academic support	10,798,185			10,798,185	7,989,625
Research	824,565			824,565	708,862
Total educational and program expenses	79,638,447			79,638,447	75,486,323
Institutional support	11,890,180			11,890,180	11,641,044
Fund raising	4,507,936			4,507,936	3,510,665
Community partnership	212,161			212,161	211,087
Auxiliary enterprises	22,510,919			22,510,919	22,489,068
Total operating expenses	118,759,643			118,759,643	113,338,187
Change in net assets from operating activities	642,980	1,374,717		2,017,697	10,972,459
NON-OPERATING ACTIVITIES					
Contributions and pledges		76,610,011	$ 5,440,380	82,050,391	26,063,244
Investment return, less amounts designated for operations	6,971,630	7,160,090	679,891	14,811,611	17,063,675
Change in fair value of interest rate swaps	518,736			518,736	577,416
Loss on early extinguishment of debt				-	(7,802,553)
Net change in annuity and life income funds	(119,625)	(10,547)	(319,850)	(450,022)	(527,475)
Loss on disposal of property and equipment	(546,788)			(546,788)	(102,251)
Miscellaneous	(79,453)		57,485	(21,968)	24,186
Net assets released from restrictions	17,708,055	(18,177,940)	469,885	-	-
Change in net assets from non-operating activities	24,452,555	65,581,614	6,327,791	96,361,960	35,296,242
CHANGE IN NET ASSETS	25,095,535	66,956,331	6,327,791	98,379,657	46,268,701
NET ASSETS AT BEGINNING OF YEAR	270,318,590	47,960,098	197,058,479	515,337,167	469,068,466
NET ASSETS AT END OF YEAR	$ 295,414,125	$ 114,916,429	$ 203,386,270	$ 613,716,824	$ 515,337,167

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

KENYON COLLEGE

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
OPERATING REVENUES				
Tuition and mandatory fees	$ 90,190,312			$ 90,190,312
Less: Financial aid	(32,898,522)			(32,898,522)
Net tuition and mandatory fees	57,291,790			57,291,790
Auxiliary enterprise revenues	27,498,010			27,498,010
Investment return designated for operations	12,575,100	$ 8,661,815		21,236,915
Private gifts and grants	7,038,312	8,591,444		15,629,756
Government grants	938,650			938,650
Miscellaneous fees	161,973			161,973
Other income	1,463,229	90,323		1,553,552
Net assets released from restrictions	12,399,545	(12,399,545)		-
Total operating revenues	119,366,609	4,944,037		124,310,646
OPERATING EXPENSES				
Educational and program expenses				
Instruction	43,150,629			43,150,629
Student services	23,637,207			23,637,207
Academic support	7,989,625			7,989,625
Research	708,862			708,862
Total educational and program expenses	75,486,323			75,486,323
Institutional support	11,641,044			11,641,044
Fund raising	3,510,665			3,510,665
Community partnership	211,087			211,087
Auxiliary enterprises	22,489,068			22,489,068
Total operating expenses	113,338,187			113,338,187
Change in net assets from operating activities	6,028,422	4,944,037		10,972,459
NON-OPERATING ACTIVITIES				
Contributions and pledges		2,951,993	$ 23,111,251	26,063,244
Investment return, less amounts designated for operations	8,774,003	7,503,145	786,527	17,063,675
Change in fair value of interest rate swaps	577,416			577,416
Loss on early extinguishment of debt	(7,802,553)			(7,802,553)
Net change in annuity and life income funds	(44,388)	19,906	(502,993)	(527,475)
Loss on disposal of property and equipment	(102,251)			(102,251)
Miscellaneous	(69,353)		93,539	24,186
Net assets released from restrictions	5,205,450	(5,300,434)	94,984	-
Change in net assets from non-operating activities	6,538,324	5,174,610	23,583,308	35,296,242
CHANGE IN NET ASSETS	12,566,746	10,118,647	23,583,308	46,268,701
NET ASSETS AT BEGINNING OF YEAR	257,751,844	37,841,451	173,475,171	469,068,466
NET ASSETS AT END OF YEAR	$ 270,318,590	$ 47,960,098	$ 197,058,479	$ 515,337,167

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

KENYON COLLEGE

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 98,379,657	$ 46,268,701
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	11,338,116	10,633,511
Amortization of bond premiums, net	(317,605)	(232,851)
Change in fair value of interest rate swaps	(518,736)	(577,416)
Loss on disposal of property and equipment	546,788	102,251
Net realized and unrealized gains	(32,637,708)	(33,185,867)
Contributions for permanently restricted purposes	(5,440,380)	(23,111,252)
Changes in operating assets and liabilities:		
Accounts and interest receivable	330,550	263,682
Inventories	20,496	105,783
Present value of pledges receivable	1,930,128	(9,192,988)
Loans receivable	101,789	105,803
Interests in charitable trusts	(127,488)	(191,203)
Other assets	60,626	16,756
Accounts payable, accrued expenses and agency funds	(2,448,482)	(653,944)
Deposits and advances	(307,310)	128,264
Liability for postretirement benefits	336,725	295,587
Annuities, life income, pooled life income and unitrusts payable	489,680	727,042
Government loan funds	(264,195)	24,323
Net cash provided (used) by operating activities	71,472,651	(8,473,818)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of land	-	125,000
Purchases of land, buildings and equipment	(27,399,234)	(21,947,910)
Purchase of securities	(131,770,597)	(99,965,832)
Sale of securities	55,280,610	134,819,325
Increased investment in limited partnerships	(28,721,747)	(31,463,362)
Net cash used by investing activities	(132,610,968)	(18,432,779)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for permanently restricted purposes	5,440,380	23,111,251
Payments on capital lease obligations	(1,070,000)	(880,000)
Cash payments for bond retirement	-	(48,640,000)
Proceeds from issuance of bonds	68,730,000	53,330,000
Proceeds from premium on bond issuance	6,939,523	3,364,385
Payment for bond issuance costs	(669,264)	-
Net cash provided by financing activities	79,370,639	30,285,636
CHANGE IN CASH AND CASH EQUIVALENTS	18,232,322	3,379,039
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,491,654	8,112,615
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 29,723,976	$ 11,491,654

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

Note 1. Summary of Significant Accounting Policies

A. *Organization* – Kenyon College (the College), a private educational institution, derives its revenues from student tuition and fees, investment earnings, gifts and grants, operation of residence and dining halls and related activities. The College is institutionally committed to promoting a liberal arts education. Skills are promoted and developed that are not only useful to any career but essential for a fulfilling and valuable life.

B. *Use of Estimates* – Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

C. *Basis for Consolidation* – The accounts of the Kenyon Inn Management Company, a wholly-owned subsidiary of the College, have been consolidated with the accounts of the College in the accompanying consolidated financial statements. In addition, the accounts of the Kenyon Review, the College's literary periodical, the Gund Gallery, the Kokosing Nature Preserve and the Philander Chase Conservancy (all legally separate entities) have also been consolidated in the accompanying consolidated financial statements of Kenyon College due to the College's control of and financial interest in each entity. All significant intercompany accounts and transactions have been eliminated.

D. *Liquidity* – Assets and liabilities are listed in their estimated order of liquidity. For those accounts for which such liquidity is unclear, additional disclosures have been made in the accompanying notes within these consolidated financial statements.

E. *Fair Values of Financial Instruments* – GAAP provides a framework for measuring fair value and requires a three level hierarchy for disclosure to show the extent and the level of judgment used to estimate fair value measurements related to financial instruments:

Level 1 – Uses unadjusted quoted prices that are available in active public markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets or liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 – Uses inputs that are unobservable and are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models and market assumptions.

The College has adopted Accounting Standards Update No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or Its Equivalent)* (ASU 2015-07). ASU 2015-07 removes the requirement to include investments in private investment companies in the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient under ASC 820.

Note 1. Summary of Significant Accounting Policies (Continued)

E. *Fair Values of Financial Instruments (Continued)*

The following methods and assumptions were used to estimate the fair values of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents

The carrying amount approximates fair value due to the short maturity of those instruments.

Equity Investments

Common Stocks

The fair values of these investments are estimated based on quoted market prices for these or similar investments, generally considered Level 1 valuations.

Mutual Funds

The fair values of these investments are estimated based on quoted market prices for these or similar investments, generally considered Level 1 valuations.

Fixed Income Investments

Marketable Funds

Fixed income marketable funds are investments where a readily verifiable fair value may or may not exist. Fair value in these investments is reported by management based on readily available public market data, generally considered Level 1 valuations, or based on the College's share of the partnership's capital balance, as provided by the investment managers as validated by management and its advisors, generally considered Level 2 valuations.

Alternative Funds

Alternative funds are investments in securities where a readily verifiable fair value may not exist and/or is not available to management. Fair value of these investments is reported by management based on information provided by the investment managers as validated by management and its advisors and, as such, additional quantitative disclosures are not required. Values may be based on readily available public market data and values may be measured using NAV per share as a practical expedient. Investments that are measured using NAV have been categorized separately.

Pledges Receivable

Pledges receivable are recorded at the present value of the discounted future cash flows, based on current market interest rates on the date of the contribution. The carrying value of pledges receivable, therefore, approximates their fair value.

Note 1. Summary of Significant Accounting Policies (Continued)

E. *Fair Values of Financial Instruments (Continued)*

Loans Receivable

Federal Perkins Loans Receivable

The interest rates charged on Perkins loans receivable are fixed by the U.S. Department of Education. The carrying value of these loans approximates fair value.

Kenyon College Loans Receivable

The interest rates charged on Kenyon College loans are fixed by the College and are consistent with market rates. Accordingly, the carrying amount reported approximates fair value.

Interests in Charitable Trusts

Contributions receivable from remainder trusts are recorded at the present value of the projected net future cash flows to be received, based on current market interest rates. Their carrying value, therefore, approximates their fair value. The College's share of interests in perpetual trusts is recorded at fair market value. Because the College does not have access to these assets on a short-term basis, these are considered Level 3 valuations.

Annuities, Pooled Life Income, Life Income and Unitrust Payable

The carrying value of these accounts is actuarially determined based on the present value of the discounted estimated future cash flows using market interest rates on the date of contribution and, therefore, approximates fair value. The annual payments on the annuities range from $1,152 to $55,025.

Long-Term Debt

The fair value of the College's long-term debt, based on the College's current incremental borrowing rates for similar types of borrowing arrangements, approximates its carrying amount.

Interest Rate Swaps

The fair value of the interest rate swaps is based on projected interest rates for the duration of the swaps, values that, while observable in the market, are subject to adjustment due to pricing considerations for the specific instrument. The resulting fair values are generally considered Level 2 valuations.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The College's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

Note 1. Summary of Significant Accounting Policies (Continued)

E. *Fair Values of Financial Instruments (Continued)*

The following tables set forth by level within the fair value hierarchy the College's financial assets and liabilities that were accounted for at a fair value on a recurring basis as of June 30, 2018 and 2017. The tables do not include cash on hand or other assets and liabilities that are measured at historical cost or any basis other than fair value.

June 30, 2018	Level 1	Level 2	Level 3	Total
Assets				
Equity investments				
Common stocks	$ 47,247,891	$ -	$ -	$ 47,247,891
Mutual funds	1,427,856			1,427,856
Total equity investments	48,675,747	-	-	48,675,747
Fixed income - marketable funds	149,210,759			149,210,759
	$ 197,886,506	$ -	$ -	197,886,506
Alternative investments measured at NAV				361,632,710
				$ 559,519,216
Interests in charitable trusts			$ 2,640,188	$ 2,640,188
Liabilities				
Interest rate swaps		$ 3,184,385		$ 3,184,385

June 30, 2017	Level 1	Level 2	Level 3	Total
Assets				
Equity investments				
Common stocks	$ 42,480,191	$ -	$ -	$ 42,480,191
Mutual funds	1,231,104			1,231,104
Total equity investments	43,711,295	-	-	43,711,295
Fixed income - marketable funds	53,672,683			53,672,683
	$ 97,383,978	$ -	$ -	97,383,978
Alternative investments measured at NAV				324,285,796
				$ 421,669,774
Interests in charitable trusts			$ 2,512,700	$ 2,512,700
Liabilities				
Interest rate swaps		$ 3,703,121		$ 3,703,121

Note 1. Summary of Significant Accounting Policies (Continued)

E. *Fair Values of Financial Instruments (Continued)*

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows for the years ended June 30, 2018 and 2017:

Interests in Charitable Trusts	2018	2017
Beginning balance	$ 2,512,700	$ 2,321,497
Distributions	(74,588)	(80,937)
Unrealized gain	202,076	272,140
	$ 2,640,188	$ 2,512,700

F. *Cash Equivalents* – The College considers investments with a maturity of three months or less when purchased to be cash equivalents on the consolidated statements of financial position and for purposes of preparing the consolidated statements of cash flows. The College maintains cash and cash equivalent balances at various financial institutions which, at times, may exceed federally insured limits and may exceed reported values due to outstanding checks.

G. *Interest Rate Swaps* – Derivative instruments (interest rate swaps) are recorded by the College on the consolidated statements of financial position at fair value, as described in Note 1.E. The College's interest rate swap agreements are used to manage exposure to interest rate movement by effectively changing the variable rates on the College's bonds payable to a fixed rate. The critical terms of the interest rate swap agreements and the interest-bearing debt associated with the swap agreements are similar. The interest rate swaps qualify and have been designated and accounted for as fair value hedges. Changes in fair market value of the interest rate swaps are recognized as a change in net assets on the consolidated statements of activities in the period of change, following GAAP guidance specific to non-for-profit organizations (see Note 8).

H. *Investments* – Investments are carried at fair value as described in Note 1.E. Investments received from donors as gifts are recorded at fair value at the date of gift. Investment return includes interest, dividends and both realized and unrealized gains and losses.

Alternative investments include interests in hedge funds, private equity, real estate and commodities funds. The College held alternative investments valued at $361,632,710 and $324,285,796, representing 40% and 44% of the total assets as of June 30, 2018 and 2017, respectively. Because alternative investments may not be entirely readily marketable, part of their estimated fair value is subject to uncertainty and, therefore, may differ from the value that would have been reported had a ready market for such investments existed. Such differences could be material. Also see *Fair Values of Financial Instruments* section.

I. *Restricted Cash and Investments* – At June 30, 2018, cash and investments include restricted bond proceeds of $11,059,997 and $62,488,257, respectively (see Note 8).

Note 1. Summary of Significant Accounting Policies (Continued)

J. *Loans Receivable* – Loans receivable, which include Perkins and Kenyon College loans, are carried at unpaid principal balances, less an allowance for uncollectible loans of $40,000 at June 30, 2018 and 2017. Periodic evaluation of the adequacy of the allowance is based on past loan loss experience and current economic conditions. Interest income is recorded as monthly payments are received. Loans receivable are considered to be past due if a payment is not made within 30 days of the payment due date. Interest on past due loans is not accrued and recognized only to the extent cash payments are received.

K. *Interests in Charitable Trusts* – Irrevocable charitable remainder trusts and charitable lead trusts that are held in trust by others have been included in the College's accompanying consolidated financial statements as an asset and as contribution revenue as of the date the College is notified of its interest in the irrevocable trust.

L. *Property and Equipment, Net* – Acquisitions of property and equipment are stated at cost or at the fair market value of the properties when acquired by gift. It is the policy of the College to capitalize additions and, for replacements, to capitalize the incremental increase in cost of plant and equipment items. Maintenance, repairs and minor renewals are charged to expense when incurred.

The College recognizes depreciation on the straight-line method over the estimated useful life for each major category of assets. These estimated useful lives are summarized in the following table:

Land improvements	10-40 years
Buildings and building improvements	40 years
Equipment and furniture	3-10 years
Library books	25 years

Property and equipment consist of the following at June 30:

	2018	2017
Land and land improvements	$ 3,237,855	$ 3,237,855
Buildings and building improvements	334,621,080	323,822,838
Equipment and furniture	39,312,964	35,709,333
Library books	26,329,660	25,288,422
Construction work in progress	23,614,309	12,856,867
	427,115,868	400,915,315
Accumulated depreciation	(155,400,916)	(144,714,691)
Property and equipment, net	$ 271,714,952	$ 256,200,624

Depreciation expense for the years ended June 30, 2018 and 2017 was $11,338,116 and $10,633,511, respectively.

Collections and Works of Art – Collections are not capitalized under the provisions of ASC 958-605, *Revenue Recognition-Contributions Received.* All works of art and collections are held for public exhibition, education or research; are protected, kept unencumbered, cared for and preserved; and are subject to policies governing their use. Prior to ASC 958-05 adoption, the College did capitalize works of art and collections. At June 30, 2018 and 2017, the net book value of these items is $1,862,696 and is reflected as equipment in the consolidated statements of financial position.

Note 1. Summary of Significant Accounting Policies (Continued)

L. *Property and Equipment, Net (Continued)*

Through June 30, 2018, the College has incurred costs of $17,765,655 under construction contracts which are included in construction work in progress on the consolidated statement of financial position. As of June 30, 2018, the College has outstanding commitments of $12,206,040 remaining for the construction of new facilities. Remaining construction work in progress relates to planning and architectural reviews for additional projects, for which construction contracts have not yet been executed.

M. *Net Assets* – Net assets are classified into three categories: unrestricted net assets which have no donor-imposed restrictions, temporarily restricted net assets which have donor-imposed restrictions that will expire in the future and permanently restricted net assets which have donor-imposed restrictions which do not expire.

N. *Expiration of Donor-Imposed Restrictions* – The expiration of a donor-imposed restriction on a contribution or on endowment income is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

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

O. *Federal Income Taxes* – The Internal Revenue Service has determined that the College, the Kenyon Review, the Gund Gallery, the Kokosing Nature Preserve and the Philander Chase Conservancy are exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as public charities described in Section 501(c)(3); accordingly, no provision for federal income taxes has been made in the consolidated financial statements. The Kenyon Inn Management Company is subject to federal income taxes, which for June 30, 2018 and 2017 were not significant to these consolidated financial statements. There were no unrecognized tax benefits as of June 30, 2018.

The income tax returns for all entities remain subject to examination by the Internal Revenue Service, as well as various state and local taxing authorities, generally for three years.

P. *Operations* – The consolidated statements of activities include a subtotal for the change in net assets from operating activities. This subtotal reflects revenues that the College and all consolidated entities received for operating purposes, including investment income derived from the College's endowment payout formula. Nonoperating activity reflects the change in appreciation/depreciation on long-term investments net of the amount appropriated using the endowment payout formula, contributions for endowment and plant purposes, gains or losses on the disposal of property and equipment, the net change in annuity and life income funds and other nonoperating revenues and expenses.

Q. *Conditional Asset Retirement Obligations* – Management has considered the provisions of GAAP, specifically as it relates to its legal obligations to perform asset retirement activities on its existing properties. Management believes that there is an indeterminate settlement date for the asset retirement obligations because the range of time over which the College may settle the obligations is unknown and cannot be estimated. As a result, management cannot reasonably estimate the liability related to these asset retirement activities as of June 30, 2018.

Note 1. Summary of Significant Accounting Policies (Continued)

R. *Reclassifications* – Certain 2017 amounts have been reclassified to conform to the 2018 presentation.

S. *Contingencies* – The College is involved in litigation and is subject to certain claims that arise in the normal course of operations. In the opinion of management, the ultimate disposition of the litigation and claims will not have a material adverse effect on the College's operations or financial position.

T. *Subsequent Events* – The College has evaluated subsequent events through November 30, 2018, which is the date the consolidated financial statements were available to be issued and has determined that the event described in Note 10 should be disclosed.

Note 2. Investments

The fair value of investments is as follows (refer to Note 1 for information related to fair values):

	June 30	
	2018	2017
Equity investments:		
Common stocks	$ 47,247,891	$ 42,480,191
Mutual funds	1,427,856	1,231,104
Alternative investments:		
Hedge and alternative funds	254,619,690	217,544,849
Private equity	47,482,436	47,965,159
Real estate	18,781,488	19,127,453
Commodities	19,379,383	13,013,628
Total alternative investments	340,262,997	297,651,089
Total equity investments	388,938,744	341,362,384
Fixed income investments:		
Marketable funds	149,210,759	53,672,683
Alternative funds	21,369,713	26,634,707
Total fixed income investments	170,580,472	80,307,390
	$ 559,519,216	$ 421,669,774

The composition of investment return is as follows:

	Fiscal Years Ended June 30	
	2018	2017
Investment income (interest and dividends)	$ 4,891,575	$ 5,114,723
Realized and unrealized gains	32,637,708	33,185,867
	$ 37,529,283	$ 38,300,590

Note 2. Investments (Continued)

Investment income is shown net of investment expenses of $1,515,586 for the year ended June 30, 2018 and $1,375,714 for the year ended June 30, 2017.

The College was obligated at June 30, 2018 to invest additional funds in limited partnership investments in the amount of $73,805,321 at the direction of the general partners. These capital calls may be funded through distributions from current limited partnerships, liquidations of investments currently held by the College, new gifts and/or available cash.

Investment funds in equity funds and alternative investment classes are typically organized as limited partnerships. A unique characteristic of these structures is that the investment manager requests (or calls) capital commitments from the investors as investment opportunities arise and distributes capital only when investments are liquidated. Capital calls are typically made by the investment manager during years 1-5 of a fund's life while the majority of capital distributions do not occur until years 8-10 of a fund's life.

Due to the nature of alternative investments and the use of some limited partnerships and commingled vehicles in traditional asset classes (public equities and fixed income), the College contractually agrees to liquidity restrictions. The College, in response to this risk, closely monitors the liquidity of the portfolio. As of June 30, 2018, the following liquidity characteristics applied to the College's investments in equity funds and alternative investments:

Liquid Within:	% of Investment Portfolio
1 year	58.9%
3 years	12.7%
Illiquid	28.4%

Illiquid investments represent those invested in real assets and private equity limited partnerships. There is a very limited secondary market for these interests and selling them would require considerable time. The College is not actively trying to sell any of its illiquid investments at this time.

Note 3. Endowment Funds

The Investment Committee is charged by the Board of Trustees to oversee the investment process. For endowment funds, the objective is to achieve superior long-term total returns such that the requirements of the annual budget are met, all within the confines of reasonable risk. In this regard, specific responsibilities include the hiring, monitoring and changing of investment managers, performance monitoring, establishing asset classes, allocation targets and ranges and rebalancing strategies. As part of its overall mission, the Investment Committee maintains a detailed *Statement of Purpose and Policies* and it regularly reviews the appropriateness of the contents in light of the current investment environment. In conjunction with the Budget and Finance Committee of the Board of Trustees, the Investment Committee recommends to the full Board spending policies in respect to the annual distribution from endowment funds.

Note 3. Endowment Funds (Continued)

The College's endowment assets consist of two groupings: 1) those funds which can be pooled together for purposes of investment and payout and 2) those funds which by donor restriction, either as to investment or payout, must be separately invested. The assets of the pooled funds consist of all investment types disclosed in Note 2 and income is distributed based on a Board approved payout formula as described below. The endowment funds with donor restrictions generally consist of mutual funds and life insurance policies.

For the year ended June 30, 2018, the College utilized a spending formula to calculate the distribution out of its pooled investment portfolio. The formula is composed of two elements: 1) a market element adjusts annual endowment spending to the long-term sustainable target spending of 4.00% of the average actual market value of the endowment for the most recent three years. This element of the spending rate receives a 30% weighting in the spending rate calculation and 2) a spending element increases last year's spending rate by a factor for inflation (3.5%) plus budget growth (1.50%). This element of the spending rate receives a weight of 70%. The distributed earnings are considered appropriated for expenditure and recorded as net assets released from restrictions on the consolidated statement of activities as spent. The College has temporarily frozen its payout amount at 2016-17 levels.

Prior to June 30, 2018, Kenyon maintained two separate investment pools: an endowment fund and an unrestricted reserve fund. Effective June 30, 2018, the College's Board of Trustees voted to classify the unrestricted reserve fund as a board designated endowment fund. The payout from this unrestricted fund is determined annually in the budgeting process, and has historically averaged approximately 6% of the market value of the fund.

The College's endowment funds were as follows as of June 30, 2018 and 2017:

June 30, 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year,	$ 56,232,062	$ 25,286,498	$ 159,150,875	$ 240,669,435
Investment return:				
Investment income	244,408	1,436,709	143,605	1,824,722
Net appreciation (realized and unrealized)	4,800,067	14,536,998	30,230	19,367,295
Total investment return	5,044,475	15,973,707	173,835	21,192,017
Cash contributions	263,645	-	8,832,464	9,096,109
Transfers from other unrestricted funds	156,033,334	-	-	156,033,334
Transfers	452,709	(426,644)	(26,065)	-
Appropriation of endowment assets for expenditure	(933,632)	(9,825,300)	-	(10,758,932)
Endowment assets, end of year	$ 217,092,593	$ 31,008,261	$ 168,131,109	$ 416,231,963

Note 3. Endowment Funds (Continued)

June 30, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year,	$ 53,629,908	$ 17,661,628	$ 141,362,147	$ 212,653,683
Investment return:				
Investment income	1,168,350	9,010,468	-	10,178,818
Net appreciation (realized and unrealized)	2,614,786	7,948,647	120,093	10,683,526
Total investment return	3,783,136	16,959,115	120,093	20,862,344
Cash contributions	388,106	160,392	17,668,635	18,217,133
Transfers	77,421	(77,421)	-	-
Appropriation of endowment assets for expenditure	(1,646,509)	(9,417,216)	-	(11,063,725)
Endowment assets, end of year	$ 56,232,062	$ 25,286,498	$ 159,150,875	$ 240,669,435

Based on the College's spending formula, as of June 30, 2018 and 2017, an additional $2,367,560 and $2,476,687, respectively, has been appropriated for expenditure out of temporarily restricted funds.

The fair value of assets associated with certain individual donor-restricted endowment funds was below the original donated value by $278,034 and $871,435 at June 30, 2018 and 2017, respectively.

Note 4. Pledges Receivable

As of June 30, 2018, the College had received unconditional promises to give as follows:

	Temporarily Restricted	Permanently Restricted	Total
Within one year	$ 4,353,895	$ 5,775,565	$ 10,129,460
One to two years	3,080,350	2,990,196	6,070,546
Two to three years	2,720,167	2,857,285	5,577,452
Three to four years	2,374,666	6,657,295	9,031,961
Four to five years	767,667	1,049,250	1,816,917
More than five years	2,439,583	4,580,757	7,020,340
	15,736,328	23,910,348	39,646,676
Discount on long-term pledges	(856,558)	(2,148,409)	(3,004,967)
	$ 14,879,770	$ 21,761,939	$ 36,641,709

The amounts are recorded at the present value of future cash flows discounted using rates for one to twenty-six year treasury securities ranging from 0.64% to 3.71%. Management estimates an allowance for uncollectible pledges based upon its review of outstanding pledges and historical collections. As of June 30, 2018, the allowance for uncollectible pledges was $220,460, which is included in the discount on long-term pledges presented above.

Note 4. Pledges Receivable (Continued)

As of June 30, 2017, the College had received gross unconditional promises totaling $41,966,692 net of allowances for uncollectible pledges of $251,756 and discount on long-term pledges of $3,143,099.

Note 5. Available Line of Credit

Under an unused and unsecured line of credit with a bank, the College may borrow up to $15,000,000 at a rate of 5.0% as of June 30, 2018.

Note 6. Guaranteed Loans

The College offers a home mortgage loan guarantee program to certain members of its faculty and administration. Under this program, the College guarantees 100% of the outstanding mortgage loans until such time as the outstanding amount on each loan is reduced to 70% of the original appraised value or contract price of the property, at which time the guarantee is released. Under the program, the College has the right to purchase the mortgage loans from the lenders in the event of default by an employee. As of June 30, 2018, the College has guaranteed mortgage loans aggregating $2,818,771. All loans were current as of June 30, 2018. The College deems it unlikely that any amount of the guarantee would be called by the banks.

Note 7. Retirement and Postretirement Benefit Plans

The College has three defined contribution retirement plans which cover substantially all employees. Eligible employees may contribute a percentage of their compensation. The College contributes 9.5% of the employee's compensation for all employees who contribute a minimum deferral of 3% or 5%, depending on the plan. The College's contributions to the plans were $3,803,690 and $3,630,696 during the years ended June 30, 2018 and 2017, respectively.

In addition to the College's defined contribution retirement plans, the College has two additional postretirement benefit plans. One plan provides certain health care benefits for retired employees. The College makes defined contributions to the plan on behalf of eligible employees who are 35 years of age or older and have completed at least one year of service. The College's contributions are limited to 25 years or the employee's separation from employment, whichever occurs first. The College contributed $818,584 and $738,633 for the years ended June 30, 2018 and 2017, respectively.

The second plan is a defined benefit postretirement plan which provides life insurance benefits applicable only to two groups: 1) grandfathered members of the collective bargaining unit who were active as of February 4, 1974 and 2) members of the faculty who retire under early retirement agreements with coverage to continue for a maximum of five years. Because of the short period of coverage for faculty members covered by this plan, the value of this benefit for them is not material to the calculation of the postretirement valuation and, therefore, has not been included. The College reserves the right to modify or terminate these retiree payments at any time. The amount of funding activity is determined at the discretion of management. Currently, the College has not funded any portion of the liability.

The College recognizes the underfunded status of the defined benefit plan on its consolidated statements of financial position, measured as the difference between the fair value of plan assets and the projected benefit obligation. The College recognizes the change in the funded status of the plan in the year in which the change occurs through unrestricted net assets.

Note 7. Retirement and Postretirement Benefit Plans (Continued)

Included in unrestricted net assets at June 30, 2018 and 2017 are the following amounts that have not yet been recognized in net periodic benefit cost: unrecognized actuarial loss of $2,728,702 and $3,078,569, respectively, and unrecognized net prior service credit of $18,391 and $32,428, respectively. The contributions, actuarial loss and prior service credit expected to be recognized during the year ended June 30, 2019 are $552,338, $206,627 and $14,037, respectively.

The following sets forth the plan status with amounts reported in the College's financial statements:

	Fiscal Years Ended June 30	
	2018	2017
Net Periodic Postretirement Cost		
Service cost	$ 326,127	$ 310,176
Interest cost	236,091	201,007
Amortization of prior service cost	(14,037)	(684,326)
Amortization of unrecognized loss	299,615	296,377
Total net periodic postretirement cost	$ 847,796	$ 123,234

	Fiscal Years Ended June 30	
	2018	2017
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 6,390,876	$ 6,095,289
Service cost	326,127	310,176
Interest cost	236,091	201,007
Actuarial (gain) loss	(50,252)	135,693
Plan participant contributions	75,838	66,855
Benefits paid	(251,079)	(418,144)
Benefit obligation at end of year	$ 6,727,601	$ 6,390,876

During 2010, the plan was amended to provide benefits to the spouse and/or children for 12 months following the death of the participant. Previously, benefits would continue indefinitely provided the spouse remained unmarried.

Estimated future benefit payments as of June 30, 2018 are as follows:

2019	$ 552,000
2020	526,000
2021	559,000
2022	585,000
2023	618,000
2024-2028	3,556,000

Note 7. Retirement and Postretirement Benefit Plans (Continued)

	Fiscal Years Ended June 30	
	2018	2017
Actuarial Assumptions		
Weighted average discount rate:		
Expense for the year	3.50%	3.25%
Accumulated plan benefit obligation (at year-end)	4.10%	3.50%
Medical trend:		
For next year	6.95%	7.57%
Ultimate trend rate	4.50%	4.50%
Year reached	2026	2025

The medical trend rate assumption has a significant effect on the benefit obligation and other amounts reported. If the medical trend rates were to increase by 1% for each year, the benefit obligation as of June 30, 2018 would increase by $552,797 and the sum of the service and interest cost components of the Net Periodic Postretirement Benefit Cost (NPPBC) for fiscal year 2018 would increase by $59,812. If the medical trend rates were to decrease by 1% for each year, the benefit obligation as of June 30, 2018 would decrease by $495,737 and the sum of the service and interest cost components of the NPPBC for fiscal year 2018 would decrease by $52,396.

Note 8. Capital Lease Obligations

As of June 30, 2018, the College has in place five lease agreements with the Ohio Higher Educational Facility Commission (the Commission) to finance various building and improvement projects. These leases serve as security for the Commission's Higher Educational Facility Revenue Bonds. The bonds are collateralized by a security interest in the buildings and improvements comprising the various projects.

Rental payments under the leases equal the interest and principal payments on related bonds issued by the Commission. The leases give the College the option to purchase the assets at nominal amounts after all bonds are retired. Accordingly, the College has recorded buildings and improvements with a cost of $226,904,594 and accumulated depreciation of $93,783,007 as of June 30, 2018 and the liabilities as capital lease obligations. Amortization of these assets is included in depreciation expense.

All revenues generated by the leased facilities are pledged as collateral for retirement of the bonds.

Note 8. Capital Lease Obligations (Continued)

Summary of Bonds Outstanding

The College's bonds outstanding are as follows as of June 30:

	2018	2017
2010 Revenue Bonds:		
Maturing through July 1, 2044 with rates ranging from 4.75% to 5.25%		
outstanding principal	$ 56,985,000	$ 56,985,000
unamortized discount	(197,844)	(206,088)
unamortized issuance costs	(389,702)	(406,645)
2013 Revenue Bonds:		
Maturing through July 1, 2037 with a rate of 5.00%		
outstanding principal	43,610,000	43,610,000
unamortized premium	813,402	856,212
unamortized issuance costs	(378,525)	(397,451)
2015 Revenue Bonds:		
Maturing through July 1, 2040 with a rate of 5.00%		
outstanding principal	39,400,000	39,400,000
unamortized premium	1,078,110	1,129,449
unamortized issuance costs	(381,469)	(398,055)
2016 Revenue Bonds:		
Maturing through July 1, 2044 with rates ranging from 3.25% to 5.00%		
outstanding principal	53,330,000	53,330,000
unamortized premium	2,960,826	3,080,461
unamortized issuance costs	(536,217)	(557,666)
2017 Revenue Bonds:		
Maturing through July 1, 2047 with rates ranging from 3.00% to 5.00%		
outstanding principal	67,660,000	-
unamortized premium	6,731,245	-
unamortized issuance costs	(646,957)	-
Total outstanding principal	260,985,000	193,325,000
Total unamortized premium/discount, net	11,385,739	4,860,034
Total unamortized issuance costs	(2,332,870)	(1,759,817)
Capital lease obligations, net	$ 270,037,869	$ 196,425,217

Note 8. Capital Lease Obligations (Continued)

Summary of Bonds Outstanding (Continued)

In February 2010, the College issued Ohio Educational Facility Commission Revenue Bonds, Kenyon College 2010, in the amount of $100,665,000. These new bonds were used to refinance, in full, three variable rate bond issues. In addition, $29,500,000 was used to advance refund previous bond issues. The 2010 bonds were issued at a discount for a true interest cost of 5.14%. The original bond discount of $475,133 is being amortized over the average life of the bonds. $43,680,000 of the 2010 bonds was defeased with the proceeds from the 2016 bond issuance.

In July 2013, the College issued $43,610,000 of revenue bonds through the Commission. The proceeds of the bonds were used to advance refund $40,500,000 of previous bond issues and provided for issuance costs. The 2013 Bond Trustee received proceeds from the bonds to be placed in an escrow account to pay both principal and interest. Because the escrow funds, along with any earnings, are irrevocably committed for this purpose, the $40,500,000 is deemed to have been paid and discharged within the meaning of the Trust Agreement; however, the College remains obligated to resolve any shortage of principal and interest payments out of the escrow account. The bonds were issued at a premium for a true interest cost of 4.86%. The bond premium is being amortized over the term of the bonds. The bonds are subject to mandatory sinking fund redemption, maturing on July 1, 2035, 2036 and 2037.

In May 2015, the College issued $39,400,000 of revenue bonds through the Commission. The proceeds of the bonds were used to advance refund $37,535,000 of a previous bond issue and provided for issuance costs. The 2015 Bond Trustee received proceeds from the bonds to be placed in an escrow account to pay both principal and interest. Because the escrow funds, along with any earnings, are irrevocably committed for this purpose, the $37,535,000 is deemed to have been paid and discharged within the meaning of the Trust Agreement; however, the College remains obligated to resolve any shortage of principal and interest payments out of the escrow account. The bonds were issued at a premium for a true interest cost of 4.19%. The bond premium is being amortized over the term of the bonds. The bonds are subject to mandatory sinking fund redemption, maturing on July 1, 2038, 2039 and 2040.

In November 2016, the College issued $53,330,000 of revenue bonds through the Commission. The proceeds of the bonds were used to refund the remaining outstanding principal of $4,960,000 of a previous bond issue and $43,680,000 of the 2010 bonds. The 2016 Bond Trustee received proceeds from the bonds to be placed in an escrow account to pay both principal and interest on the 2006 and 2010 bonds. Because the escrow funds, along with an earnings, are irrevocably committed for this purpose, the $48,640,000 is deemed to have been paid and discharged within the meaning of the Trust Agreement; however, the College remains obligated to resolve any shortage of principal and interest payments out of the escrow account. The bonds were issued at a premium for a true interest cost of 3.84%. The bond premium is being amortized over the term of the bonds. The bonds are subject to mandatory sinking fund redemption maturing on July 1, 2040, 2042 and 2044. The refunding of the 2010 bonds resulted in a loss of $7,802,553, which has been reported separately on the consolidated statement of activities.

In December 2017, the College issued $68,730,000 of revenue bonds through the Commission. The proceeds of the bonds will be used to pay the costs of and relating to constructing, furnishing and equipping library facilities and an academic quad, and other College academic, administrative and student resident facilities. The 2017 bonds were issued at a premium of $6,939,523 for a true interest cost of 3.80%. The bond premium is being amortized over the life of the bonds. The bonds are subject to mandatory sinking fund redemption, maturing on July 1, 2042 and 2047.

Note 8. Capital Lease Obligations (Continued)

Summary of Bonds Outstanding (Continued)

The amount of rent paid by the College on its bonds for the year ended June 30, 2018 was $11,334,789 of which $1,070,000 represented principal and $10,264,789 represented interest. The amount of rent paid by the College on its bonds for the year ended June 30, 2017 was $8,739,642 of which $880,000 represented principal and $7,859,642 represented interest.

At June 30, 2018, future minimum payments by year and in the aggregate under these capital lease obligations consist of the following:

2019	$ 13,177,775
2020	13,178,375
2021	13,177,175
2022	13,184,175
2023	13,186,425
Remaining amount due	445,329,225
	511,233,150
Amount representing interest	(250,248,150)
Fixed rate obligations outstanding	260,985,000
Unamortized premiums/discount	11,385,739
Unamortized bond issuance costs	(2,332,870)
Fixed rate obligations outstanding	$ 270,037,869

Interest Rate Swap Agreements

As part of a strategy to manage the College's debt position over time and decrease variable rate risk, the College entered into an interest rate swap agreement in February 2006 in which the College pays a fixed rate, 3.514%, in exchange for receiving a variable rate which is indexed to LIBOR and calculated on a notional amount of $57,600,000. The difference between the fixed interest rate and the variable interest rate is settled on a quarterly basis. The agreement terminates in February 2026.

At the time the 2010 bonds were issued, which refunded the College's variable rate bonds with fixed rate bonds, it would have cost the College approximately $5,700,000 to terminate the 2006 swap agreement. The College entered into a second interest rate swap agreement which is the reverse of the February 2006 swap. Under the terms of this agreement, the College pays a variable rate indexed to LIBOR and receives a fixed payment of 2.67% on a notional amount of $57,600,000. This agreement also terminates in February 2026 and effectively finances the $5,700,000 over the remaining life of the initial swap agreement.

At June 30, 2018 and 2017, the fair value of the 2006 swap was a liability of $6,128,091 and $9,188,276, respectively, and the fair value of the 2010 swap was an asset of $2,943,706 and $5,485,155, respectively. For the fiscal years ended June 30, 2018 and 2017, the College's interest expense was increased by $486,144 as a result of the interest rate swaps.

Note 9. Net Assets

Net assets of the College, and the nature of any restrictions, are summarized below:

	2018	2017
Unrestricted net assets		
Board designated net assets:		
Funds functioning as endowment	$ 216,279,858	$ 56,232,062
Reserves for capital replacement and operating budget support	-	153,225,184
Total board designated net assets	216,279,858	209,457,246
Other designations of net assets:		
Equity in plant assets	71,611,092	58,018,730
Management designated net assets	10,536,625	7,503,447
Unfunded postretirement benefits, compensated absences and early retirement agreements	(3,013,450)	(4,660,833)
Total other designations of net assets	79,134,267	60,861,344
Total unrestricted net assets	$ 295,414,125	$ 270,318,590

Effective June 30, 2018, the College's Board of Trustees voted to classify the unrestricted reserve fund as a board designated endowment fund.

Temporarily restricted net assets were restricted as follows:

	2018	2017
Temporarily restricted net assets		
Unexpended endowment income and gifts and grants:		
Faculty and academic support	$ 74,866,540	$ 12,397,291
Student programs	896,871	770,740
Scholarships, prizes and awards	13,603,984	10,156,981
Plant improvements	365,732	1,118,130
General support	1,246,675	
Other programs	5,389,171	5,919,139
Gifts pending donor designation	1,033,285	1,164,112
Total unexpended endowment income and gifts and grants	97,402,258	31,526,393
Present value of pledges receivable	14,879,770	13,780,622
Life and pooled life income funds	2,634,401	2,653,083
Total temporarily restricted net assets	$ 114,916,429	$ 47,960,098

Note 9. Net Assets (Continued)

Temporarily restricted net assets released from restrictions for the years ended June 30 were as follows:

	2018	2017
Temporarily restricted net assets released		
Unexpended endowment income and gifts and grants:		
Faculty and academic support	$ 19,939,509	$ 8,960,708
Student programs	423,215	356,321
Scholarships, prizes and awards	5,199,572	4,652,959
Plant improvements	170,483	447,664
Other programs	4,310,850	3,115,810
Gifts pending donor designation	463,835	166,517
Total temporarily restricted net assets released	$ 30,507,464	$ 17,699,979

Permanently restricted net assets were restricted as follows:

	2018	2017
Permanently restricted net assets		
Endowment funds:		
Faculty and academic support	$ 47,037,837	$ 44,514,837
Lectureship and concert funds	1,154,876	1,144,776
Library funds	2,689,871	2,685,936
Student programs	2,785,632	2,732,471
Scholarship and prize funds	90,527,310	86,017,652
Presidency funds	3,441,127	3,366,127
Kenyon Review funds	7,359,740	6,337,456
Loan funds	3,867,462	3,834,394
General support	5,160,941	5,077,093
Other funds	4,106,313	3,428,131
Total endowment funds	168,131,109	159,147,873
Present value of pledges receivable	21,761,939	24,791,215
Interests in charitable trusts	2,640,188	2,512,700
Annuity and life income funds	3,134,585	3,218,643
Student loan funds	7,718,449	7,388,048
Total permanently restricted net assets	$ 203,386,270	$ 197,058,479

Note 10. Our Path Forward

During 2017-18, the College received a $75 million gift from an anonymous donor as part of the *Our Path Forward* campaign. Three major priorities for the $300 million comprehensive campaign include fundraising for endowed scholarships and professorships; support for internship and research opportunities, community-engaged learning and off-campus study; and increased capacity to adapt the College's campus for more innovative and collaborative learning and teaching. The anonymous gift was received to support the development of a new library and academic quadrangle as well as academic programs. This West Quad Project will be a hub for 21st century learning and teaching and will allow the College to make significant progress toward a more physically accessible campus.

Subsequent to year-end, the College entered into a $76 million contract to begin the construction phase of the West Quad Project.