

Antioch University

**Financial Report
June 30, 2013**

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Independent Auditor's Report

Board of Governors
Antioch University
Yellow Springs, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Antioch University ("the University") which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Antioch University as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Columbus, Ohio
October 30, 2013

Antioch University

**Statements of Financial Position
June 30, 2013 and 2012**

	2013	2012
Assets		
Cash and cash equivalents	\$ 4,456,587	\$ 6,283,142
Accounts receivable		
Students, net	498,260	625,431
Grants	95,541	934,791
Other	446,359	343,084
Prepaid expenses	2,224,887	2,227,633
Loans to students, net	5,154,179	5,198,891
Contributions receivable, net	1,703,614	1,846,904
Investments	27,799,749	28,692,895
Land, buildings, and equipment, net	26,658,935	28,872,724
Assets to be disposed of (Note 17)	388,619	321,872
Total assets	\$ 69,426,730	\$ 75,347,367
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 1,155,587	\$ 1,338,244
Accrued benefit liabilities	1,761,843	3,428,419
Other accrued liabilities	3,606,801	4,228,062
Deferred revenue	3,673,581	4,016,985
Notes and bonds payable	18,361,956	19,323,478
Deposits held for others	185,304	300,689
Advances from government for student loans	4,861,675	4,844,072
Liabilities to be disposed of (Note 17)	388,619	321,872
Total liabilities	33,995,366	37,801,821
Net Assets		
Unrestricted	22,320,721	24,966,436
Temporarily restricted	8,729,009	8,250,200
Permanently restricted	4,381,634	4,328,910
Total net assets	35,431,364	37,545,546
Total liabilities and net assets	\$ 69,426,730	\$ 75,347,367

See Notes to Financial Statements.

Antioch University

**Statement of Activities
Year Ended June 30, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
Tuition and fees	\$ 61,210,852	\$ -	\$ -	\$ 61,210,852
Less student aid	(1,448,379)	-	-	(1,448,379)
	<u>59,762,473</u>	-	-	<u>59,762,473</u>
Contributions	703,940	859,326	52,667	1,615,933
In-kind contributions	253,621	-	-	253,621
Contracts and other exchange transactions	3,284,429	-	-	3,284,429
Investment income	627,750	121,406	57	749,213
Net realized and unrealized gain on investments	1,110,744	518,011	-	1,628,755
Sales and service of auxiliary enterprises	544,887	-	-	544,887
Other income	704,476	144,380	-	848,856
Total revenues and gains	<u>66,992,320</u>	<u>1,643,123</u>	<u>52,724</u>	<u>68,688,167</u>
Net assets released from restrictions	1,164,314	(1,164,314)	-	-
Total revenues, gains, and other support	<u>68,156,634</u>	<u>478,809</u>	<u>52,724</u>	<u>68,688,167</u>
Expenses and Losses				
Educational and general:				
Instruction	29,549,742	-	-	29,549,742
Research	151,749	-	-	151,749
Public service	2,433,602	-	-	2,433,602
Academic support	6,013,254	-	-	6,013,254
Student services	5,933,767	-	-	5,933,767
Institutional support	24,956,629	-	-	24,956,629
Scholarships and fellowships	2,601,388	-	-	2,601,388
Total educational and general expenses	<u>71,640,131</u>	-	-	<u>71,640,131</u>
Auxiliary enterprises	958,751	-	-	958,751
Total expenses	<u>72,598,882</u>	-	-	<u>72,598,882</u>
Change in net assets before change in fair value of interest rate swap and effect of postretirement changes other than net periodic postretirement cost	(4,442,248)	478,809	52,724	(3,910,715)
Change in fair value of interest rate swaps	455,416	-	-	455,416
Postretirement changes other than net periodic postretirement cost	1,341,117	-	-	1,341,117
Change in net assets	(2,645,715)	478,809	52,724	(2,114,182)
Net assets - beginning	24,966,436	8,250,200	4,328,910	37,545,546
Net assets - ending	<u>\$ 22,320,721</u>	<u>\$ 8,729,009</u>	<u>\$ 4,381,634</u>	<u>\$ 35,431,364</u>

See Notes to Financial Statements.

Antioch University

Statement of Activities
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
Tuition and fees	\$ 65,312,553	\$ -	\$ -	\$ 65,312,553
Less student aid	(1,073,757)	-	-	(1,073,757)
	64,238,796	-	-	64,238,796
Contributions	619,858	1,696,360	34,860	2,351,078
In-kind contributions	233,449	142,562	-	376,011
Contracts and other exchange transactions	3,379,419	-	-	3,379,419
Investment income	689,271	124,901	88	814,260
Net realized and unrealized gain (loss) on investments	(149,209)	20,980	-	(128,229)
Sales and service of auxiliary enterprises	1,103,537	-	-	1,103,537
Other income	948,059	124,149	-	1,072,208
Total revenues and gains	71,063,180	2,108,952	34,948	73,207,080
Net assets released from restrictions	2,138,644	(2,138,644)	-	-
Total revenues, gains, and other support	73,201,824	(29,692)	34,948	73,207,080
Expenses and Losses				
Educational and general:				
Instruction	29,783,326	-	-	29,783,326
Research	186,815	-	-	186,815
Public service	2,215,718	-	-	2,215,718
Academic support	5,829,270	-	-	5,829,270
Student services	5,723,563	-	-	5,723,563
Institutional support	25,798,372	-	-	25,798,372
Scholarships and fellowships	2,458,992	-	-	2,458,992
Total educational and general expenses	71,996,056	-	-	71,996,056
Auxiliary enterprises	1,319,217	-	-	1,319,217
Total expenses	73,315,273	-	-	73,315,273
Change in net assets before change in fair value of interest rate swap and effect of postretirement changes other than net periodic postretirement cost	(113,449)	(29,692)	34,948	(108,193)
Change in fair value of interest rate swaps	(902,552)	-	-	(902,552)
Postretirement changes other than net periodic postretirement cost	(17,423)	-	-	(17,423)
Change in net assets	(1,033,424)	(29,692)	34,948	(1,028,168)
Net assets - beginning	25,999,860	8,279,892	4,293,962	38,573,714
Net assets - ending	\$ 24,966,436	\$ 8,250,200	\$ 4,328,910	\$ 37,545,546

See Notes to Financial Statements.

Antioch University

Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Change in net assets	\$ (2,114,182)	\$ (1,028,168)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,471,902	2,186,322
Accretion for asset retirement obligation	200,764	20,189
Loss on disposal of fixed assets	67,857	11,190
Net realized and unrealized (gains) losses on investments	(1,628,755)	128,229
Fair value of interest rate swap	(455,416)	902,552
Contributions restricted for permanent investment	(52,667)	(34,860)
Changes in operating assets and liabilities:		
Accounts and grants receivable	863,146	(647,088)
Contributions receivable	143,290	9,900
Prepaid expenses	(32,983)	142,038
Accounts payable, accrued benefit liabilities and other accrued liabilities	(2,215,842)	1,293,973
Deferred revenue	(343,404)	997,297
Deposits held for others	(115,385)	(13,727)
Net cash (used in) provided by operating activities	(3,211,675)	3,967,847
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	19,772,629	35,439,863
Purchases of investments	(17,250,728)	(30,886,229)
Purchases of land, building, and equipment	(290,241)	(5,929,699)
Proceeds from sales of equipment	-	15,000
Disbursements of loans to students	(668,681)	(561,075)
Repayments of loans from students	713,393	706,258
Net cash provided by (used in) investing activities	2,276,372	(1,215,882)
Cash Flows from Financing Activities		
Contributions restricted for permanent investment	52,667	34,860
Repayments of principal of indebtedness	(961,522)	(931,522)
Net borrowings (advances) of government student loans	17,603	(44,629)
Net cash used in financing activities	(891,252)	(941,291)
Net (decrease) increase in cash and cash equivalents	(1,826,555)	1,810,674
Cash and Cash Equivalents - Beginning	6,283,142	4,472,468
Cash and Cash Equivalents - Ending	\$ 4,456,587	\$ 6,283,142
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 410,185	\$ 482,762

See Notes to Financial Statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Antioch University (“the University”) is founded on principles of rigorous liberal arts education, innovative experiential learning and socially engaged citizenship. The multiple campuses of the University operate as divisions within the University and nurture in their students the knowledge, skills and habits of reflection to excel as lifelong learners, democratic leaders and global citizens who live lives of meaning and purpose.

Approximately 4,000 students currently study at the five campuses of Antioch University: Antioch University New England in Keene, New Hampshire; Antioch University Seattle; Antioch University Los Angeles; Antioch University Santa Barbara; and Antioch University Midwest in Yellow Springs, Ohio. The University’s administrative offices are in Yellow Springs, and it is here that the Chancellor and her staff provide University-wide planning, fiscal review and accountability for all operations, and advice to the Board of Governors on University-wide policies.

On June 29, 2009, the University Board of Governors signed an asset purchase agreement with Antioch College Continuation Corporation (“ACCC”) to sell the assets historically associated with the College, Glen Helen Ecology Institute and the Antioch Review. The transaction was finalized on September 4, 2009. At June 30, 2013 and 2012 the University still holds \$388,619 and \$321,872, respectively, of investments and perpetual trusts which will be transferred to the ACCC after final approval of the court to the change in beneficiary is received. These items are recorded as assets to be disposed of and a corresponding liability to be disposed of at June 30, 2013 and 2012. See Note 17 for discussion of discontinued operations.

On July 3, 2013, the University entered into an asset purchase agreement to transfer ownership of the non-commercial FM radio station WYSO to Antioch College Corporation (“ACC”). (See Note 19)

Basis of accounting: The 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 of America (GAAP).

Basis of presentation: The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB). The University is required to report information regarding its financial position, and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the University and/or the passage of time.

Permanently Restricted - Net assets subject to donor-imposed stipulations that will be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

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.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Fair value of financial instruments: The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents, accounts receivable, grants receivable, other accrued liabilities, and deferred revenue: The carrying amounts approximate fair value because of the short maturity of these financial instruments.
- Investments: The fair value of investments is based upon quoted market values.
- Beneficial interest in split interest agreements: Contributions receivable from remainder trusts are recorded at the fair value of the funds held by the trust.
- Notes and bonds payable: The carrying value of the University's notes and bonds payable approximates fair value as these financial instruments have variable rates that reflect currently available terms and conditions for similar debt.
- Interest rate swaps: Current market pricing models were used to estimate the fair value of the interest rate swap agreement.

Cash equivalents: The University considers temporary investments purchased with an initial maturity of three months or less to be cash equivalents for the statements of financial position and for purposes of preparing the statements of cash flows. In addition, the University maintains cash which may exceed federally insured amounts. The University continually monitors its balances to minimize the risk of loss.

Accounts receivable: Accounts receivable are stated at the amount the University expects to collect from outstanding balances. Management estimates an allowance for doubtful accounts based upon management's review of delinquent accounts and an assessment of the University's historical evidence of collections. Specific accounts are charged to the reserve when management determines that the account is deemed uncollectible. Management has reviewed the detail of accounts receivable and has determined an allowance is necessary at June 30, 2013 and 2012. (See Note 2)

Investments: Investments are recorded at fair value based upon market values or dealer quotes, with changes in market value being recognized as gains and losses during the period in which they occur. Net appreciation on endowment funds is reported as temporarily restricted net assets, unless such net appreciation has been permanently restricted by the donor or by law. Net depreciation on endowment funds below the historical dollar gift of a permanently restricted fund are recorded as a reduction in unrestricted net assets.

Land, buildings, and equipment: Land, buildings, and equipment are recorded at cost at the date of acquisition or fair value at date of donation in the case of gifts. Depreciation is provided on the straight-line basis over the estimated useful lives of the applicable assets, which range from 3 to 20 years. Depreciation expense was \$2,436,173 and \$2,150,593 for the years ended June 30, 2013 and 2012, respectively.

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

Bond issuance costs: The University capitalized bond discounts and certain issuance costs associated with the issuance of the New Hampshire Health and Education Facilities Authority Adjustable Rate Demand Refunding Revenue Bonds, the Washington State Housing Finance Commission Variable Rate Demand Nonprofit Revenue Bonds, and the 2006 State of Ohio Higher Education Facility Variable Rate Revenue Bonds. The costs are being amortized over the maturities of the bonds. Amortization expense was \$35,729 for the years ended June 30, 2013 and 2012. The unamortized balance amounts to \$512,986 and \$548,715 at June 30, 2013 and 2012, respectively, and is included in prepaid expenses in the statements of financial position. Accumulated amortization on bond issuance cost was \$279,063 and \$243,334 at June 30, 2013 and 2012, respectively.

Interest rate swap agreements: Interest rate swap agreements are recognized as either assets or liabilities at their fair value in the statements of financial position with the changes in the fair value reported in current-period change in net assets. These instruments are included on the statements of financial position in other accrued liabilities and the change in the fair value is recorded on the statements of activities as change in fair value of interest rate swap. The University's interest rate swap agreements are used to manage exposure to interest rate movement by effectively changing the variable rate of the University's bonds payable to a fixed rate.

Assets held for sale and discontinued operations: A business component that is disposed of or classified as held for sale is reported as discontinued operations if the cash flows of the component have been or will be eliminated from the ongoing operations of the University and the University will no longer have any significant continuing involvement in the business component.

The results of discontinued operations are aggregated and presented separately in the statements of activities. Assets and liabilities of the discontinued operations are aggregated and reported separately as assets to be disposed of and liabilities to be disposed of in the statements of financial position (See Note 17).

Valuation of long-lived assets: Long-lived assets and certain identifiable intangible assets are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. During 2013 and 2012, the University reviewed their assets for potential impairment, and no impairment losses were identified.

Deferred revenue: Deferred revenue represents cash received from students for the following fiscal year but not yet earned. Grant proceeds which have been received but not yet spent according to the grantors terms are also reported as deferred revenue.

Advances from government for student loans: Funds provided by the United States government under the Federal Perkins Loan program are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the government and, therefore, recorded as a liability in the accompanying financial statements.

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

Revenue recognition:

Tuition and fees: The University records the income from tuition and fees at the beginning of the quarter when classes begin. Tuition for summer quarter is recorded as a percentage of the quarter revenue based upon the number of weeks in each fiscal year. The remainder of tuition received is recorded as deferred revenue.

Grants and exchange transactions: The University records grant income and exchange transactions in the period earned.

Auxiliary enterprises: Auxiliary enterprise revenue is recognized when earned based upon a service date.

Contributions: Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

In-Kind Contributions: In-kind contributions are recorded as revenue and expense in the statements of activities at the time those contributions and services are received.

During 2011, the University entered into a 10-year operating lease for a facility for which the University received a rental rate that was below the fair value for the facility. The University also entered into an interest free loan for improvements to the facility. Management estimated the fair value of the rental rate for the facility by obtaining comparable rental rates for other properties in the area. The difference between the fair value rental rate of the facility and the amount the University is obligated to pay under the agreement has been recorded as an in-kind contribution. Additionally, an in-kind contribution has been recorded for the imputed interest on the loan. At June 30, 2013 and 2012, the present value of the future in-kind rent over the lease and the imputed interest on the loan was recorded as a pledge receivable amounting to \$1,324,816 and \$1,473,082, respectively.

Advertising: Advertising costs are expensed as incurred and exclude fundraising costs. Amounts charged to expense were \$1,537,335 and \$1,571,696 for the years ended June 30, 2013 and 2012, respectively.

Federal income taxes: The University is a qualifying organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is, therefore, exempt from income taxes under IRC Section 501(a) on its normal operations. However, the University is taxed on other unrelated income, if any. The University is subject to federal income tax on rental income.

Antioch University

Notes to Financial Statements

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

The University follows FASB guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the University may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the University, the continued tax-exempt status of bonds issued by the University, and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At June 30, 2013 and 2012, there were no unrecognized tax benefits identified or recorded as liabilities.

The University files forms 990 and 990-T in the U.S. federal jurisdiction and the required states. With few exceptions, the University is no longer subject to examination by the Internal Revenue Service for years before 2009.

Reclassifications: Certain 2012 amounts have been reclassified to conform with the 2013 presentation.

Subsequent events: The University has evaluated subsequent events for potential recognition and/or disclosure through October 30, 2013 the date the financial statements were available to be issued. (See Note 19)

Note 2. Receivables

Receivables consist of the following at June 30:

	2013				
	Gross Amount	Allowance	Net	Current Portion	Long-Term Portion
Students	\$ 809,740	\$ 311,480	\$ 498,260	\$ 498,260	\$ -
Grants	95,541	-	95,541	95,541	-
Other	446,359	-	446,359	446,359	-
Student loans	7,467,611	2,313,432	5,154,179	-	5,154,179
	<u>\$ 8,819,251</u>	<u>\$ 2,624,912</u>	<u>\$ 6,194,339</u>	<u>\$ 1,040,160</u>	<u>\$ 5,154,179</u>

	2012				
	Gross Amount	Allowance	Net	Current Portion	Long-Term Portion
Students	\$ 894,549	\$ 269,118	\$ 625,431	\$ 625,431	\$ -
Grants	934,791	-	934,791	934,791	-
Other	343,084	-	343,084	343,084	-
Student loans	7,339,544	2,140,653	5,198,891	-	5,198,891
	<u>\$ 9,511,968</u>	<u>\$ 2,409,771</u>	<u>\$ 7,102,197</u>	<u>\$ 1,903,306</u>	<u>\$ 5,198,891</u>

Antioch University

Notes to Financial Statements

Note 3. Contributions Receivable

Contributions receivable consist of the following at June 30:

	2013	2012
Unconditional promises expected to be collected in:		
Less than one year	\$ 464,483	\$ 440,105
One to five years	800,168	829,212
More than five years	468,236	609,656
	<u>1,732,887</u>	<u>1,878,973</u>
Allowance for uncollectible contributions	(29,273)	(32,069)
Net contributions receivable	<u>\$ 1,703,614</u>	<u>\$ 1,846,904</u>

The amounts are recorded after discounting to the present value of the future cash flows at a rate of 1.38% and 0.73% as of June 30, 2013 and 2012, respectively, for pledge receivables beyond one year.

Note 4. Investments

Investments of the University at June 30, are comprised of the following:

	2013	
	Fair Value	Cost
Cash and money market funds	\$ 501,274	\$ 501,274
Equity securities	14,910,831	13,328,406
Fixed income securities	12,387,644	12,610,325
	<u>\$ 27,799,749</u>	<u>\$ 26,440,005</u>
	2012	
	Fair Value	Cost
Cash and money market funds	\$ 531,015	\$ 531,015
Equity securities	13,435,489	13,740,037
Fixed income securities	14,726,391	14,557,244
	<u>\$ 28,692,895</u>	<u>\$ 28,828,296</u>

The University invests in a professionally managed portfolio that contains common shares and bonds of publicly-traded companies, U.S. Government obligations, mutual funds, alternative investments, and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Note 5. Fair Value Disclosures

The University follows the FASB guidance regarding fair value measurements. The guidance applies to all financial instruments that are being measured and reported at fair value and establishes a three level hierarchy for disclosure to show the extent and the level of judgment used to estimate fair value measurements. The three categories are defined as follows:

Level 1 — Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 — Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 — Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the fiscal years ended June 30, 2013 and 2012, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments: The fair values of investments, other than alternative investments, are based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, due to the limited market activity of the instrument, fair value is based upon externally developed models that use unobservable inputs.

Beneficial Interest in Trusts Held by Others: The fair value of the beneficial interest in assets held by others are based on quoted prices of underlying assets held by the trustees. Due to the restrictions on these assets that do not allow the University redemption rights, fair value is deemed to be based on Level 3 inputs.

Interest Rate Swaps: The fair value of the University's interest rate swaps was provided by valuation experts. Certain derivatives with limited market activity are valued using externally developed models that consider unobservable market parameters.

The following table sets forth by level within the fair value hierarchy the University's financial assets and liabilities that were accounted for at a fair value on a recurring basis as of June 30, 2013 and 2012. The 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 University'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.

Antioch University

Notes to Financial Statements

Note 5. Fair Value Disclosures (Continued)

	2013			
	Total	Level 1	Level 2	Level 3
Financial Assets:				
Investments				
Equity securities				
Mutual funds - equity	\$ 14,910,831	\$ 14,910,831	\$ -	\$ -
Mutual funds - fixed income	12,387,644	12,387,644	-	-
	<u>27,298,475</u>	<u>27,298,475</u>	-	-
Money market funds and cash	501,274			
Total investments	<u>27,799,749</u>			
Other Assets				
Interest rate swap	4,865	-	4,865	-
Beneficial interest in trusts held by others	388,619	-	-	388,619
Total assets	<u>\$ 28,193,233</u>	<u>\$ 27,298,475</u>	<u>\$ 4,865</u>	<u>\$ 388,619</u>
Financial Liabilities:				
Interest rate swaps	\$ 1,098,130	\$ -	\$ 1,098,130	\$ -
Total liabilities	<u>\$ 1,098,130</u>	<u>\$ -</u>	<u>\$ 1,098,130</u>	<u>\$ -</u>
2012				
	Total	Level 1	Level 2	Level 3
Financial Assets:				
Investments				
Equity securities				
Mutual funds - equity	\$ 13,435,489	\$ 13,435,489	\$ -	\$ -
Mutual funds - fixed income	14,726,391	14,726,391	-	-
	<u>28,161,880</u>	<u>28,161,880</u>	-	-
Money market funds and cash	531,015			
Total investments	<u>28,692,895</u>			
Other Assets				
Interest rate swap	431	-	431	-
Beneficial interest in trusts held by others	321,872	-	-	321,872
Total assets	<u>\$ 29,015,198</u>	<u>\$ 28,161,880</u>	<u>\$ 431</u>	<u>\$ 321,872</u>
Financial Liabilities:				
Interest rate swaps	\$ 1,549,112	\$ -	\$ 1,549,112	\$ -
Total liabilities	<u>\$ 1,549,112</u>	<u>\$ -</u>	<u>\$ 1,549,112</u>	<u>\$ -</u>

Antioch University

Notes to Financial Statements

Note 5. Fair Value Disclosures (Continued)

	Common stock - privately held	Alternative investments	Trusts held by others	Total
Balance, June 30, 2011	\$ 6,535,919	\$ 158,744	\$ 465,866	\$ 7,160,529
Realized and unrealized losses	-	-	(26,399)	(26,399)
Sales	(6,535,919)	(158,744)	(117,595)	(6,812,258)
Balance, June 30, 2012	-	-	321,872	321,872
Transfers	-	-	53,274	53,274
Realized and unrealized gains	-	-	13,473	13,473
Balance, June 30, 2013	\$ -	\$ -	\$ 388,619	\$ 388,619

Note 6. Land, Building, and Equipment

The following is a summary of land, building, and equipment as of June 30:

	2013	2012
Building	\$ 20,917,092	\$ 20,917,092
Building improvements	19,437,275	19,474,226
Equipment	5,450,387	6,089,944
Furniture and fixtures	2,001,888	2,052,490
Land and land improvements	291,253	291,253
Library books	773,583	773,583
Art	70,948	70,948
Vehicles	22,086	45,784
Construction in progress	93,767	-
	49,058,279	49,715,320
Less accumulated depreciation	(22,399,344)	(20,842,596)
Net book value	\$ 26,658,935	\$ 28,872,724

Note 7. Notes and Bonds Payable

The New Hampshire and Ohio bonds are secured by a letter of credit (LOC) with a bank, which expires on February 16, 2014. In the event that the remarketing agent is unable to remarket the bonds, the bonds become a demand note under the LOC issued by the bank. If the LOC cannot be renewed and an alternative LOC cannot be obtained, the bonds require immediate repayment.

The Seattle Bonds are secured by a LOC which expires on October 31, 2015. In the event that the remarketing agent is unable to remarket the bonds, amounts drawn under the LOC are required to be reimbursed to the bank on the 1st day of the 13th month following the drawing with interest payable monthly at the prime rate plus 2%.

The Ohio, New Hampshire and Seattle bonds contain certain restrictive covenants that include, among other things, minimum requirements for annual debt service, liquidity and debt-to-equity ratios. At June 30, 2013 and 2012, the University was not in compliance with certain restrictive covenants, however, the lenders have waived the requirements for the year then ended.

Antioch University

Notes to Financial Statements

Note 7. Notes and Bonds Payable (Continued)

Notes and bonds payable consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
New Hampshire Health and Education Facilities Authority Adjustable Rate Demand Refunding Revenue Bonds (New Hampshire Bonds), Antioch University Issue, Series 2004, secured by gross receipts, due in annual installments of principal beginning December 2005 through December 2024, plus interest at a variable rate. Interest rates at June 30, 2013 and 2012 were 0.06% and 0.16%, respectively.	\$ 2,980,000	\$ 3,170,000
Washington State Housing Finance Commission Variable Rate Demand Nonprofit Revenue Bonds (Seattle Bonds) Series 2005, secured by trust fund, annual installments of principal beginning January 2006 through January 2027, plus interest at a variable rate. Interest rates at June 30, 2013 and 2012 were 0.07% and 0.18%, respectively.	4,825,000	5,105,000
2006 State of Ohio Higher Education Facility Variable Rate Revenue Bonds (Ohio Bonds), secured by gross receipts, annual installments of principal beginning February 2007 through February 2029, plus interest at a variable rate. Interest rates at June 30, 2013 and 2012 were 0.06% and 0.16%, respectively.	10,280,000	10,735,000
Unsecured \$350,000 loan bearing interest at 0% from a foundation; due in monthly principal installments of \$3,044 through 2021.	276,956	313,478
	<u>\$ 18,361,956</u>	<u>\$ 19,323,478</u>

Maturities of the notes and bonds for the years succeeding June 30, 2013 are:

2014	\$ 991,522
2015	1,026,522
2016	1,066,522
2017	1,101,522
2018	1,141,522
Thereafter	13,034,346
	<u>\$ 18,361,956</u>

Interest expense amounted to \$458,306 and \$478,025 in 2013 and 2012, respectively.

Note 7. Notes and Bonds Payable (Continued)

As a part of a strategy to manage the University's debt position over time and decrease variable rate risk, the University entered into two interest rate swap agreements during 2010 to exchange the difference between the variable-rate interest rate indexed to the Securities Industry and Financial Markets Association (SIFMA) rate (0.06% and 0.16% at June 30, 2013 and 2012, respectively) and a fixed interest rate (2.99% and 2.91%, respectively). The swaps are calculated on a notional value of \$10,280,000 and \$2,980,000, respectively. The original notional value was \$12,000,000 and \$3,530,000, respectively. The difference between the fixed interest rate and the variable interest rate is settled on a monthly basis. The agreements terminate on December 1, 2019. The University is exposed to credit loss in the event of nonperformance by the counter party, however, the University does not anticipate nonperformance by the counter party. The change in fair value of the interest rate swaps are reflected in the statement of activities. The fair value of the interest rate swaps at June 30, 2013 and 2012 is a liability of \$1,098,130 and \$1,549,112, respectively, and is included in other accrued liabilities in the accompanying statement of financial position.

During 2011, the University purchased an interest rate swap to cap its variable interest rate on certain bonds at 2%. The swap is calculated on a notional amount of \$4,825,000. The original notional value was \$5,640,000. The difference between the fixed interest rate and the variable interest rate is settled on a monthly basis. The agreement terminates on October 31, 2015. The University is exposed to credit loss in the event of nonperformance by the counter party, however, the University does not anticipate nonperformance by the counter party. The change in fair value of the interest rate swap is reflected in the statement of activities. The fair value of the interest rate cap at June 30, 2013 and 2012 is an asset of \$4,865 and \$431, respectively, and is included in prepaid expenses in the accompanying statements of financial position.

Note 8. Retirement Plans

The University has three defined contribution retirement plans for eligible faculty and non-faculty personnel managed by Teachers Insurance and Annuity Association—College Retirement Equities Fund (TIAA-CREF). Contributions to these plans by the University were \$3,446,209 and \$3,463,191 in 2013 and 2012, respectively. Participants may also contribute at their option to TIAA-CREF through individual retirement annuity contracts.

The University also maintains separate, self-administered, noncontributory pension plans for certain individuals, who were faculty employees at June 30, 1970 or non-faculty personnel at June 30, 1973. Substantially all benefits previously earned under these plans are paid directly by the University and amounted to approximately \$30,224 and \$36,518 in 2013 and 2012, respectively. The unfunded, actuarially determined liability utilizing an average interest assumption of 6.0 percent for benefits earned under these plans was approximately \$165,216 and \$180,898 at June 30, 2013 and 2012, respectively, and is included in accrued liabilities in the accompanying statements of financial position. The net periodic pension benefit cost included as income in the statements of activities amounted to \$15,682 and \$30,420 in 2013 and 2012, respectively.

Antioch University

Notes to Financial Statements

Note 9. Other Postretirement Benefit Plans

In addition to the University's defined contribution retirement plan, the University has two defined benefit postretirement plans covering most salaried employees. One plan provides medical and prescription drug benefits, and the second provides life insurance benefits. The postretirement health care and prescription drug plan is contributory; with retiree contributions adjusted annually, and contain other cost-sharing features such as deductibles and coinsurance. The accounting for health care and prescription drug plan anticipates future cost-sharing changes to the written plan that are consistent with the University's expressed intent to increase the retiree contribution rate annually for the expected general inflation rate for that year. The University's policy is to pay the cost of retirees' postretirement health care and drug benefit claims as incurred and to pay the premiums to the life insurance plan for participants on an annual basis. Therefore, the plan is unfunded.

In March 2013, the University amended the medical and prescription drug coverage for retirees over the age of 65. In lieu of a \$30 monthly benefit, the University through the support of a third-party, is assisting the retiree in finding a Medicare sponsored medical and prescription drug plan most beneficial to their personal situation. Eligible retirees under 65 may choose to stay on the University's medical plan, with the retiree paying the full cost with no defined benefit provided.

In accordance with FASB guidance, a summary of the changes in the benefit obligation and the resulting funded status of the University's postretirement benefit plans are as follows:

The accumulated postretirement benefit obligation (APBO) was as follows at June 30:

	2013	2012
Retirees	\$ 143,360	\$ 184,077
Fully eligible active plan participants	423,835	1,063,237
Other active plan participants	370,124	865,217
	<u>\$ 937,319</u>	<u>\$ 2,112,531</u>

The following table sets forth the plan's change in benefit obligation for the year ended June 30:

	2013	2012
Benefit obligation at beginning of year	\$ 2,112,531	\$ 1,965,656
Service cost	164,991	133,389
Interest cost	88,403	105,888
Estimated benefits paid	(65,597)	(81,933)
Actuarial gain	(1,363,009)	(10,469)
Benefit obligation at end of year	<u>\$ 937,319</u>	<u>\$ 2,112,531</u>

The following table sets forth the plan's funded status at June 30:

	2013	2012
Benefit obligation, end of year	\$ (937,319)	\$ (2,112,531)
Fair value of assets, end of year	-	-
Unfunded status, end of year	<u>\$ (937,319)</u>	<u>\$ (2,112,531)</u>

Antioch University**Notes to Financial Statements****Note 9. Other Postretirement Benefit Plans (Continued)**

The statements of financial position recognizes a liability of \$937,319 and \$2,112,531 for the years ended June 30, 2013 and 2012, respectively, and is included accrued benefit liabilities on the statement of financial position.

Postretirement expense recognized in the statements of activities consists of the following components for the year ended June 30:

	2013	2012
Service cost of benefits earned	\$ 164,991	\$ 133,389
Interest cost on liability	88,403	105,888
Recognition of net gain	(21,892)	(27,892)
Net periodic postretirement benefit cost	<u>\$ 231,502</u>	<u>\$ 211,385</u>

Items not yet recognized as a component of net periodic postretirement expense as of June 30:

	2013	2012
Unrecognized net gain	<u>\$ 1,771,290</u>	<u>\$ 430,173</u>

The weighted-average discount rate used in determining the APBO was 4.75% and 4.25% at June 30, 2013 and 2012, respectively. The weighted-average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care-cost trend rate) is 8.5% and 9% for 2013 and 2012, respectively, and is assumed to decrease ½ percent per year to 5.0% until 2020 and remain at that level thereafter.

A one percentage point change in assumed health care cost trend rates would have had the following effects in fiscal year 2013:

	1% Increase	1% Decrease
Total of service and interest cost	\$ 14,549	\$ (12,583)
Postretirement benefit obligation	\$ 49,137	\$ (43,740)

Estimated future benefit payments reflecting anticipated service, as appropriate, are expected to be paid as follows:

2014	\$ 39,990
2015	\$ 46,065
2016	\$ 49,316
2017	\$ 56,048
2018	\$ 54,809
2019-2023	\$ 371,379

Antioch University

Notes to Financial Statements

Note 10. Lease Commitments

Certain of the University's education centers lease their facilities. The University generally pays real estate taxes, insurance and specified maintenance costs. The University also has operating agreements to lease computer equipment and software. These leases are non-cancelable operating agreements for varying periods through 2025, with renewal options for additional periods in some cases. Future minimum rentals under these non-cancelable leases are as follows:

2014	\$ 2,669,091
2015	3,163,787
2016	3,208,275
2017	3,093,248
2018	3,024,341
Thereafter	18,855,548
	<u>\$ 34,014,290</u>

Rental expense for the years ended June 30, 2013 and 2012 was \$3,226,312 and \$3,742,926, respectively.

Note 11. Endowment Funds

The University's endowment consists of approximately 24 individual donor restricted endowment funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective June 1, 2009. The University has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Beginning June 1, 2009, the 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 University in a manner consistent with the standard prudence prescribed by UPMIFA.

In accordance with UPMIFA, the University will consider the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the University
- (7) The investment policies of the University

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. As of June 30, 2013 and 2012 there were no funds with deficiencies.

Note 11. Endowment Funds (Continued)

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity. Under this policy, as approved by the Board of Governors, the endowment assets are invested in a manner that is intended to grow in excess of the spending rate in a conservative manner. The University expects its endowment funds, over time, to provide a target return of approximately 7.5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified, periodically rebalanced, asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University has a policy of appropriating for distribution each year 3.5% of the moving twelve quarter average value of the endowment, for those funds whose market value is 90% or greater than historic dollar value, as determined at the end of each quarter, and will be incorporated in the following quarter's distribution as income available to programs. For funds which have a market value greater than 80%, but less than 90% of historic dollar value only 1.5% will be appropriated. For funds whose market value is less than 80% of historic dollar value, no funds shall be appropriated. In establishing this policy the University considered the long-term expected return on its endowment. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30:

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor restricted endowment	\$ -	\$ 3,947,139	\$ 3,973,438	\$ 7,920,577
Board designated endowment	335,949	-	-	335,949
Total	\$ 335,949	\$ 3,947,139	\$ 3,973,438	\$ 8,256,526

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor restricted endowment	\$ -	\$ 3,461,600	\$ 3,920,771	\$ 7,382,371
Board designated endowment	304,150	-	-	304,150
Total	\$ 304,150	\$ 3,461,600	\$ 3,920,771	\$ 7,686,521

Antioch University

Notes to Financial Statements

Note 11. Endowment Funds (Continued)

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

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning Balance at June 30, 2012	\$ 304,150	\$ 3,461,600	\$ 3,920,771	\$ 7,686,521
Investment return:				
Net investment income	9,358	113,478	-	122,836
Net appreciation	29,014	517,243	-	546,257
Total investment return	342,522	4,092,321	3,920,771	8,355,614
Gifts	-	-	52,667	52,667
Amounts allocated for spending	(6,573)	(145,182)	-	(151,755)
Ending Balance at June 30, 2013	<u>\$ 335,949</u>	<u>\$ 3,947,139</u>	<u>\$ 3,973,438</u>	<u>\$ 8,256,526</u>

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning Balance at June 30, 2011	\$ 248,991	\$ 3,414,072	\$ 3,886,911	\$ 7,549,974
Investment return:				
Net investment income	8,419	116,353	-	124,772
Net appreciation	52,748	45,797	-	98,545
Total investment return	310,158	3,576,222	3,886,911	7,773,291
Gifts	-	-	33,860	33,860
Amounts allocated for spending	(6,008)	(114,622)	-	(120,630)
Ending Balance at June 30, 2012	<u>\$ 304,150</u>	<u>\$ 3,461,600</u>	<u>\$ 3,920,771</u>	<u>\$ 7,686,521</u>

Note 12. Nature and Amount of Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	2013	2012
Instruction	\$ 6,486	\$ 82,465
Research	2,767	2,250
Public service	466,966	317,392
Academic support	1,278,245	1,006,477
Student services	698	2,210
Institutional support	6,125,027	5,980,858
Scholarships	847,813	796,228
Construction	1,007	62,320
	<u>\$ 8,729,009</u>	<u>\$ 8,250,200</u>

Antioch University**Notes to Financial Statements****Note 13. Nature and Amount of Permanently Restricted Net Assets**

Permanently restricted net assets are restricted to the following purposes at June 30:

	2013	2012
Institutional support	\$ 2,889,042	\$ 2,882,082
Scholarships	1,084,921	1,039,214
Loans	407,671	407,614
	<u>\$ 4,381,634</u>	<u>\$ 4,328,910</u>

Note 14. Net Assets Released From Restrictions**Temporarily Restricted**

Net assets were released from donor-imposed restrictions by incurring expenditures satisfying the restricted purpose or by occurrence of other events specified by the donors for the years ended June 30 as follows:

	2013	2012
Purpose restricted contributions for:		
Instruction	\$ 118,144	\$ 23,949
Research	1,933	-
Public service	249,296	325,570
Academic support	19,343	37,541
Student services	4,083	2,381
Institutional support	446,765	523,779
Scholarships	162,437	135,814
Construction	162,313	1,089,610
Total net assets released from restriction	<u>\$ 1,164,314</u>	<u>\$ 2,138,644</u>

Note 15. Functional Expenses

The functional classification of expenses is as follows:

	2013	2012
Educational and program services	\$ 54,809,142	\$ 54,945,232
Management and general	15,847,689	16,108,602
Fundraising	1,942,051	2,261,439
Total functional expenses	<u>\$ 72,598,882</u>	<u>\$ 73,315,273</u>

Antioch University

Notes to Financial Statements

Note 16. Conditional Asset Retirement Obligations

The University had recorded conditional asset retirement obligations (ARO) of approximately \$200,764 as of June 30, 2012. These conditional ARO's relate to the University's legal obligation to perform asbestos remediation prior to renovation or demolishing property containing the substance. As of June 30, 2012, the liability is included in other accrued liabilities on the statements of financial position, net of a discount at a 2.4% discount rate and a 2.4% inflation rate.

As a result of the sale of the asset for which this obligation existed in July 2013 (See Note 19), the liability related to the obligation was removed from the statement of financial position. Therefore, as of June 30, 2013, no liabilities relating to conditional asset retirement obligations were recorded on the University's statement of financial position.

Note 17. Discontinued Operations

The assets and liabilities of the College to be disposed are as follows at June 30:

	2013	2012
Beneficial interest in split interest agreements	\$ 388,619	\$ 321,872
Total assets	<u>\$ 388,619</u>	<u>\$ 321,872</u>
Other accrued liabilities	\$ 388,619	\$ 321,872
Total liabilities	<u>\$ 388,619</u>	<u>\$ 321,872</u>

Note 18. Commitment and Contingencies

The University is subject to claims and lawsuits in the ordinary course of its business. In the opinion of management, the University has adequate legal defenses and/or adequate insurance coverage for such matters. If not insured, management believes that such matters will not, in the aggregate, have a materially adverse impact on the University's financial position, results of future operations and cash flow.

Note 19. Subsequent Events

On July 3, 2013, the University entered into an asset purchase agreement to transfer ownership of the non-commercial FM radio station WYSO to Antioch College Corporation ("ACC") for \$8 million. The sale included the station equipment, the FCC licenses and all other assets associated with the operations of the station. Under the agreement, ACC also purchased certain real estate including the Kettering Building, which houses the radio station. Additionally, the University has released its reversionary interests retained in the 2009 Asset Purchase Agreement when it sold the College assets to ACC. Those reversionary interests related to the college campus, Glen Helen nature preserve and the Antioch College endowment. A reverter would have been triggered if Antioch College Corporation ceased to operate the College or ceased to become accredited within a certain time frame. The University has retained its right to the trade name "Antioch College" subject to the license to ACC. That license will terminate if ACC ceases to be licensed by the state of Ohio to offer baccalaureate degrees. All staff working at WYSO became employees of Antioch College effective the date of the execution of the acquisition documents and the agreement and transfer will not impact programming or operations of the station.

Antioch University

Notes to Financial Statements

Note 19. Subsequent Events (Continued)

The assets and liabilities of WYSO-FM to be disposed of are as follows for the years ending June 30:

	2013	2012
Assets		
Pledge receivables, net	\$ 61,964	\$ 27,272
Property and equipment, net	2,594,790	2,858,876
Total assets	\$ 2,656,754	\$ 2,886,148
Liabilities		
Deferred revenue	\$ 15,000	\$ -
Total liabilities	\$ 15,000	\$ -

Revenue and expenses recorded in the accompanying statements of activities for WYSO-FM are as follows for the years ended June 30:

	2013		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support	\$ 1,775,920	\$ 267,574	\$ 2,043,494
Net assets released from restriction	199,671	(199,671)	-
Total revenues, gains and other support	1,975,591	67,903	2,043,494
Total expenses	2,334,365	-	2,334,365
Change in net assets	\$ (358,774)	\$ 67,903	\$ (290,871)
	2012		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support	\$ 3,104,824	\$ 203,441	\$ 3,308,265
Net assets released from restriction	222,550	(222,550)	-
Total revenues, gains and other support	3,327,374	(19,109)	3,308,265
Total expenses	2,037,730	-	2,037,730
Change in net assets	\$ 1,289,644	\$ (19,109)	\$ 1,270,535