Antioch University

Financial Report
June 30, 2015

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Contents

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, 2015 and 2014, 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.

Independent Auditor's Report

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, 2015 and 2014, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Columbus, Ohio
March 4, 2015

Antioch University

Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	**$ 2,870,899**	$ 4,306,903
Accounts receivable		
Students, net	**857,923**	1,009,056
Grants	**248,213**	6,856
Other	**626,830**	621,264
Prepaid expenses	**1,984,764**	1,917,259
Loans to students, net	**5,398,465**	5,427,495
Contributions receivable, net	**1,560,978**	1,347,183
Investments	**27,940,072**	32,630,170
Land, buildings, and equipment, net	**23,249,091**	24,641,472
Total assets	**$ 64,737,235**	$ 71,907,658
Liabilities and Net Assets		
Accounts payable	**$ 1,746,446**	$ 1,595,046
Accrued benefit liabilities	**1,505,079**	1,521,796
Other accrued liabilities	**3,632,092**	3,724,158
Deferred revenue	**6,178,142**	5,220,983
Notes and bonds payable	**16,746,191**	17,913,160
Deposits held for others	**255,869**	283,725
Advances from government for student loans	**4,960,395**	4,916,072
Total liabilities	**35,024,214**	35,174,940
Net Assets		
Unrestricted	**15,602,514**	23,351,964
Temporarily restricted	**9,591,174**	8,955,898
Permanently restricted	**4,519,333**	4,424,856
Total net assets	**29,713,021**	36,732,718
Total liabilities and net assets	**$ 64,737,235**	$ 71,907,658

See Notes to Financial Statements.

Antioch University

Statement of Activities
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	**Total**
Revenues, Gains and Other Support				
Tuition and fees	$ 59,881,203	$ -	$ -	**$ 59,881,203**
Less student aid	(1,495,677)	-	-	**(1,495,677)**
	58,385,526	-	-	**58,385,526**
Contributions	489,034	1,678,086	94,461	**2,261,581**
Contracts and other exchange transactions	3,172,580	-	-	**3,172,580**
Investment income	772,656	87,633	16	**860,305**
Net realized and unrealized gain (loss) on investments	18,363	(40,519)	-	**(22,156)**
Sales and service of auxiliary enterprises	275,926	-	-	**275,926**
Other income	841,760	-	-	**841,760**
Total revenues and gains (losses)	63,955,845	1,725,200	94,477	**65,775,522**
Net assets released from restrictions	1,089,924	(1,089,924)	-	**-**
Total revenues, gains (losses), and other support	65,045,769	635,276	94,477	**65,775,522**
Expenses and Losses				
Educational and general				
Instruction	29,504,490	-	-	**29,504,490**
Research	96,649	-	-	**96,649**
Public service	979,402	-	-	**979,402**
Academic support	6,373,612	-	-	**6,373,612**
Student services	5,798,514	-	-	**5,798,514**
Institutional support	27,153,206	-	-	**27,153,206**
Scholarships and fellowships	2,479,362	-	-	**2,479,362**
Total educational and general expenses	72,385,235	-	-	**72,385,235**
Auxiliary enterprises	350,040	-	-	**350,040**
Total expenses	72,735,275	-	-	**72,735,275**
Change in net assets before change in fair value of interest rate swap and effect of postretirement changes other than net periodic postretirement cost	(7,689,506)	635,276	94,477	**(6,959,753)**
Change in fair value of interest rate swaps	82,633	-	-	**82,633**
Postretirement changes other than net periodic postretirement cost	(142,577)	-	-	**(142,577)**
Change in net assets	(7,749,450)	635,276	94,477	**(7,019,697)**
Net assets - beginning	23,351,964	8,955,898	4,424,856	**36,732,718**
Net assets - ending	$ 15,602,514	$ 9,591,174	$ 4,519,333	**$ 29,713,021**

See Notes to Financial Statements.

Antioch University

Statement of Activities
Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
Tuition and fees	$ 59,355,453	$ -	$ -	$ 59,355,453
Less student aid	(1,593,027)	-	-	(1,593,027)
	57,762,426	-	-	57,762,426
Contributions	872,476	603,750	43,184	1,519,410
Contracts and other exchange transactions	3,303,667	-	-	3,303,667
Investment income	763,946	83,102	38	847,086
Net realized and unrealized gain on investments	2,471,446	989,219	-	3,460,665
Sales and service of auxiliary enterprises	286,457	-	-	286,457
Other income	716,004	-	-	716,004
Total revenues and gains	66,176,422	1,676,071	43,222	67,895,715
Net assets released from restrictions	1,449,182	(1,449,182)	-	-
Total revenues, gains, and other support	67,625,604	226,889	43,222	67,895,715
Expenses and Losses				
Educational and general				
Instruction	29,248,339	-	-	29,248,339
Research	156,315	-	-	156,315
Public service	949,391	-	-	949,391
Academic support	6,519,764	-	-	6,519,764
Student services	5,579,464	-	-	5,579,464
Institutional support	26,011,264	-	-	26,011,264
Scholarships and fellowships	2,864,704	-	-	2,864,704
Total educational and general expenses	71,329,241	-	-	71,329,241
Auxiliary enterprises	366,704	-	-	366,704
Total expenses	71,695,945	-	-	71,695,945
Change in net assets before gain on disposal of discontinued operations, change in fair value of interest rate swap and effect of postretirement changes other than net periodic postretirement cost	(4,070,341)	226,889	43,222	(3,800,230)
Gain on disposal of discontinued operations (Note 17)	5,180,879	-	-	5,180,879
Change in fair value of interest rate swaps	105,229	-	-	105,229
Postretirement changes other than net periodic postretirement cost	(184,524)	-	-	(184,524)
Change in net assets	1,031,243	226,889	43,222	1,301,354
Net assets - beginning	22,320,721	8,729,009	4,381,634	35,431,364
Net assets - ending	$ 23,351,964	$ 8,955,898	$ 4,424,856	$ 36,732,718

See Notes to Financial Statements.

Antioch University

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Change in net assets	**$ (7,019,697)**	$ 1,301,354
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	**2,061,693**	2,029,480
Gain on disposal of land, buildings and equipment	**(200)**	(31,321)
Net realized and unrealized (gain) loss on investments	**22,156**	(3,460,665)
Fair value of interest rate swap	**(82,633)**	(105,229)
Contributions restricted for permanent investment	**(94,461)**	(43,184)
Contribution of land	**(79,000)**	-
Changes in operating assets and liabilities:		
Accounts and grants receivable	**(95,790)**	(597,016)
Prepaid expenses	**(103,234)**	271,899
Contributions receivable	**(213,795)**	356,431
Accounts payable, accrued benefit liabilities and other accrued liabilities	**125,250**	421,998
Deferred revenue	**957,159**	1,547,402
Deposits held for others	**(27,856)**	98,421
Net cash provided by (used in) operating activities	**(4,550,408)**	1,789,570
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	**9,928,261**	9,682,072
Purchases of investments	**(5,260,319)**	(11,051,828)
Purchases of land, building, and equipment	**(554,583)**	(2,588,236)
Proceeds from sales of land, building, and equipment	**200**	2,643,269
Disbursements of loans to students	**(772,901)**	(1,156,400)
Repayments of loans from students	**801,931**	883,084
Net cash provided by (used in) investing activities	**4,142,589**	(1,588,039)
Cash Flows From Financing Activities		
Contributions restricted for permanent investment	**94,461**	43,184
Repayments of principal of indebtedness	**(1,166,969)**	(1,098,949)
Issuance of indebtedness	**-**	650,153
Net borrowings of government student loans	**44,323**	54,397
Net cash used in financing activities	**(1,028,185)**	(351,215)
Net decrease in cash and cash equivalents	**(1,436,004)**	(149,684)
Cash and cash equivalents		
Beginning	**4,306,903**	4,456,587
Ending	**$ 2,870,899**	$ 4,306,903
Supplemental Disclosures of Cash Flow Activities:		
Cash paid for interest	**$ 390,995**	$ 404,572
Supplemental Schedule of Noncash Investing and Financing Activities:		
Contribution of land	**$ 79,000**	$ -

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.

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, 2015 and 2014. (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 $2,025,964 and $1,993,751 for the years ended June 30, 2015 and 2014, respectively.

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 each of the years ended June 30, 2015 and 2014. The unamortized balance amounts to $441,528 and $477,257 at June 30, 2015 and 2014, respectively, and is included in prepaid expenses in the statements of financial position. Accumulated amortization on bond issuance cost was $350,521 and $314,792 at June 30, 2015 and 2014, respectively.

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

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.

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 2015 and 2014, 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.

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.

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

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, 2015 and 2014, the present value of the future in-kind rent over the lease and the imputed interest on the loan was recorded as a contribution receivable amounting to $977,894 and $1,150,678, respectively.

Advertising: Advertising costs are expensed as incurred and exclude fundraising costs. Amounts charged to expense were $2,137,889 and $2,164,395 for the years ended June 30, 2015 and 2014, 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.

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, 2015 and 2014, 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 2011.

Pending pronouncements: In April 2015, the FASB issued ASU 2015-03, Interest— Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This ASU will be effective for the University for fiscal years beginning after December 15, 2015. The adoption of this standard is not expected to have a material impact on our financial statements.

Subsequent events: The University has evaluated subsequent events for potential recognition and/or disclosure through March 4, 2016 the date the financial statements were available to be issued.

Note 2. Receivables

Receivables consist of the following at June 30:

	2015				
	Gross Amount	Allowance	Net	Current Portion	Long-Term Portion
Students	$ 1,234,014	$ 376,091	$ 857,923	$ 857,923	$ -
Grants	248,213	-	248,213	248,213	-
Other	626,830	-	626,830	626,830	-
Student loans	7,437,635	2,039,170	5,398,465	-	5,398,465
	$ 9,546,692	$ 2,415,261	$ 7,131,431	$ 1,732,966	$ 5,398,465

	2014				
	Gross Amount	Allowance	Net	Current Portion	Long-Term Portion
Students	$ 1,295,678	$ 286,622	$ 1,009,056	$ 1,009,056	$ -
Grants	6,856	-	6,856	6,856	-
Other	621,264	-	621,264	621,264	-
Student loans	7,724,250	2,296,755	5,427,495	-	5,427,495
	$ 9,648,048	$ 2,583,377	$ 7,064,671	$ 1,637,176	$ 5,427,495

Note 3. Contributions Receivable

Contributions receivable consist of the following at June 30:

	2015	2014
Unconditional promises expected to be collected in:		
Less than one year	$ 403,973	$ 245,484
One to five years	990,852	806,265
More than five years	171,183	301,447
	1,566,008	1,353,196
Allowance for uncollectible contributions	(5,030)	(6,013)
Net contributions receivable	$ 1,560,978	$ 1,347,183

The amounts are recorded after discounting to the present value of the future cash flows at a rate of 1.63% as of June 30, 2015 and 2014, for pledge receivables beyond one year.

Note 4. Investments

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

	2015	
	Fair Value	Cost
Cash and money market funds	$ 612,227	$ 612,227
Equity securities	16,528,075	12,713,903
Fixed income securities	5,438,175	5,470,810
Treasury bonds	5,361,595	5,473,925
	$ 27,940,072	$ 24,270,865

	2014	
	Fair Value	Cost
Cash and money market funds	$ 511,184	$ 511,184
Equity securities	18,354,093	14,040,544
Fixed income securities	7,644,225	7,609,738
Treasury bonds	6,120,668	6,084,111
	$ 32,630,170	$ 28,245,577

The University invests in a professionally managed portfolio that contains common shares and bonds of publicly-traded companies, U.S. Government obligations, mutual funds 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.

Note 5. Fair Value Disclosures (Continued)

For the fiscal years ended June 30, 2015 and 2014, 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, 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 trusts 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 redepemption 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, 2015 and 2014. 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.

	2015			
	Total	Level 1	Level 2	Level 3
Financial Assets				
Investments				
Treasury bonds	$ 5,361,595	$ 5,361,595	$ -	$ -
Equity securities				
Mutual funds - equity	16,528,075	16,528,075	-	-
Mutual funds - fixed income	5,438,175	5,438,175	-	-
	27,327,845	27,327,845	-	-
Money market funds and cash	612,227			
Total investments	27,940,072			
Total assets	$ 27,940,072	$ 27,327,845	$ -	$ -
Financial Liabilities				
Interest rate swaps	$ 905,420	$ -	$ 905,420	$ -
Total liabilities	$ 905,420	$ -	$ 905,420	$ -

Note 5. Fair Value Disclosures (Continued)

	2014			
	Total	Level 1	Level 2	Level 3
Financial Assets				
Investments				
Treasury bonds	$ 6,120,668	$ 6,120,668	$ -	$ -
Equity securities				
Mutual funds - equity	18,354,093	18,354,093	-	-
Mutual funds - fixed income	7,644,225	7,644,225	-	-
	32,118,986	32,118,986	-	-
Money market funds and cash	511,184			
Total investments	32,630,170			
Other Assets				
Interest rate swap	17	-	17	-
Total assets	$ 32,630,187	$ 32,118,986	$ 17	$ -
Financial Liabilities				
Interest rate swaps	$ 988,053	$ -	$ 988,053	$ -
Total liabilities	$ 988,053	$ -	$ 988,053	$ -

Note 6. Land, Building, and Equipment

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

	2015	2014
Building	$ 19,357,093	$ 19,217,093
Building improvements	20,350,521	20,224,213
Equipment	2,711,047	2,736,208
Furniture and fixtures	1,755,900	1,755,900
Land and land improvements	315,760	236,760
Library books	773,583	773,583
Art	70,948	70,948
Vehicles	22,086	22,086
	45,356,938	45,036,791
Less accumulated depreciation	(22,107,847)	(20,395,319)
Net book value	$ 23,249,091	$ 24,641,472

Note 7. Notes and Bonds Payable

The New Hampshire bonds were secured by a letter of credit (LOC) with a bank, which expired on February 16, 2016. 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. During January 2016, Antioch University issued a formal notice that they will subsequently pay off the New England bond which occurred on February 1, 2016.

Note 7. Notes and Bonds Payable (Continued)

The Seattle bonds are secured by a LOC which expired 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%. On September 30, 2015 the University redeemed the Seattle bonds for the redemption price of $4,245,000. (See Note 18).

The Ohio bonds are secured by a letter of credit (LOC) with a bank, which expires on February 16, 2017. 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 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.

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

	2015	2014
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, 2015 and 2014 were 0.07% and 0.06%.	$ 2,575,000	$ 2,780,000
Washington State Housing Finance Commission Variable Rate Demand Nonprofit Revenue Bonds (Seattle Bonds) Series 2005, secured by deed of trust, annual installments of principal beginning January 2006 through January 2027, plus interest at a variable rate. Interest rates at June 30, 2015 and 2014 were 0.07% and 0.06%.	4,245,000	4,540,000
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, 2015 and 2014 were 0.07% and 0.06%.	9,320,000	9,810,000
Unsecured $650,153 loan bearing interest at 4.4% from a financial institution; due in quarterly principal installments of $44,482 through 2017.	402,278	542,726
Unsecured $350,000 loan bearing interest at 0% from a foundation; due in monthly principal installments of $3,044 through 2021.	203,913	240,434
	$ 16,746,191	$ 17,913,160

Note 7. Notes and Bonds Payable (Continued)

Maturities of the notes and bonds for the years succeeding June 30, 2015 are:

2016	$ 7,529,618
2017	736,812
2018	655,414
2019	611,522
2020	631,522
Thereafter	6,581,303
	$ 16,746,191

Interest expense amounted to $433,129 and $454,466 in 2015 and 2014, respectively.

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 (0.07% and 0.06% at June 30, 2015 and 2014, respectively) and a fixed interest rate (2.99% and 2.91%, respectively). The swaps are calculated on a notional value of $9,320,000 and $2,575,000, 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, 2015 and 2014 is a liability of $905,420 and $988,053, respectively, and is included in other accrued liabilities in the accompanying statements 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 $4,245,000. 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 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, 2015 and 2014 is an asset of $0 and $17, respectively, and is included in prepaid expenses in the accompanying statements of financial position. On September 30, 2015, the interest rate swap to cap was terminated (See Note 18).

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 $3,358,010 and $3,250,500 in 2015 and 2014, 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 $33,640 and $26,753 in 2015 and 2014, respectively. The unfunded, actuarially determined liability utilizing an average interest assumption of 6.0 percent for benefits earned under these plans was approximately $32,731 and $56,146 at June 30, 2015 and 2014, 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 $23,415 and $109,070 in 2015 and 2014, respectively.

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:

	2015	2014
Retirees	$ 179,973	$ 206,889
Fully eligible active plan participants	461,450	435,421
Other active plan participants	407,075	381,883
	$ 1,048,498	$ 1,024,193

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

	2015	2014
Benefit obligation at beginning of year	$ 1,024,193	$ 937,319
Service cost	52,310	66,512
Interest cost	42,515	43,584
Estimated benefits paid	(48,170)	(39,990)
Actuarial (gain) loss	(22,350)	16,768
Benefit obligation at end of year	$ 1,048,498	$ 1,024,193

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

	2015	2014
Benefit obligation, end of year	$ (1,048,498)	$ (1,024,193)
Fair value of assets, end of year	-	-
Unfunded status, end of year	$ (1,048,498)	$ (1,024,193)

The statements of financial position recognizes a liability of $1,048,498 and $1,024,193 for the years ended June 30, 2015 and 2014, respectively, and is included accrued benefit liabilities on the statements of financial position.

Note 9. Other Postretirement Benefit Plans (Continued)

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

	2015	2014
Service cost of benefits earned	$ 52,310	$ 66,512
Interest cost on liability	42,515	43,584
Recognition of net gain	(164,927)	(167,756)
Net periodic postretirement benefit (income) cost	$ (70,102)	$ (57,660)

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

	2015	2014
Unrecognized net gain	$ 1,444,189	$ 1,586,766

The weighted-average discount rate used in determining the APBO was 4.25% at June 30, 2015 and 2014. The weighted-average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care-cost trend rate) is 9.0% for 2015 and 2014 and is assumed to decrease ½ percent per year to 5.0% until 2023 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 2015:

	1% Increase	1% Decrease
Total of service and interest cost	$ 7,837	$ (6,828)
Postretirement benefit obligation	$ 60,125	$ (53,462)

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

2016	$ 60,691
2017	61,861
2018	59,472
2019	61,805
2020	77,096
2021-2025	425,731

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:

2016	$ 3,255,736
2017	3,324,217
2018	3,329,749
2019	3,369,066
2020	3,356,420
Thereafter	13,012,698
	$ 29,647,886

Rental expense for the years ended June 30, 2015 and 2014 was $3,772,452 and $3,349,097, respectively.

Note 11. Endowment Funds

The University's endowment consists of approximately 30 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, 2015 and 2014, 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 that 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:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment	$ -	$ 4,506,065	$ 4,111,473	$ 8,617,538
Board designated endowment	489,029	-	-	489,029
Total	$ 489,029	$ 4,506,065	$ 4,111,473	$ 9,106,567

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment	$ -	$ 4,755,626	$ 4,017,012	$ 8,772,638
Board designated endowment	375,997	-	-	375,997
Total	$ 375,997	$ 4,755,626	$ 4,017,012	$ 9,148,635

Note 11. Endowment Funds (Continued)

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

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2014	$ 375,997	$ 4,755,626	$ 4,017,012	$ 9,148,635
Investment return				
Net investment income	12,950	80,140	-	93,090
Net appreciation (depreciation)	13,062	(49,899)	-	(36,837)
Total investment return	26,012	30,241	-	56,253
Gifts	-	-	94,461	94,461
Board designated additions	100,000	-	-	100,000
Amounts allocated for spending	(12,980)	(279,802)	-	(292,782)
Balance at June 30, 2015	$ 489,029	$ 4,506,065	$ 4,111,473	$ 9,106,567

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2013	$ 335,949	$ 3,947,139	$ 3,973,438	$ 8,256,526
Investment return				
Net investment income	9,575	75,564	-	85,139
Net appreciation	39,880	962,673	-	1,002,553
Total investment return	49,455	1,038,237	-	1,087,692
Gifts	-	-	43,574	43,574
Amounts allocated for spending	(9,407)	(229,750)	-	(239,157)
Balance at June 30, 2014	$ 375,997	$ 4,755,626	$ 4,017,012	$ 9,148,635

Note 12. Nature and Amount of Temporarily Restricted Net Assets

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

	2015	2014
Instruction	$ 69,379	$ 21,295
Research	2,767	2,767
Public service	206,295	220,006
Academic support	1,293,421	1,093,889
Student services	1,216	5,613
Institutional support	6,449,224	6,644,280
Scholarships	1,567,865	967,041
Construction	1,007	1,007
	$ 9,591,174	$ 8,955,898

Note 13. Nature and Amount of Permanently Restricted Net Assets

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

	2015	2014
Academic support	$ 75,461	$ -
Institutional support	2,894,042	2,889,542
Scholarships	1,142,495	1,127,995
Loans	407,335	407,319
	$ 4,519,333	$ 4,424,856

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:

	2015	2014
Purpose restricted contributions for:		
Instruction	$ 21,186	$ 18,157
Research	2,000	-
Public service	240,171	356,216
Academic support	225,071	338,964
Student services	6,588	-
Institutional support	180,522	465,293
Scholarships	314,386	170,552
Construction	100,000	100,000
Total net assets released from restriction	$ 1,089,924	$ 1,449,182

Note 15. Functional Expenses

The functional classification of expenses is as follows:

	2015	2014
Educational and program services	$ 51,887,539	$ 54,189,191
Management and general	18,504,283	15,401,900
Fundraising	2,343,453	2,104,854
Total functional expenses	$ 72,735,275	$ 71,695,945

Note 16. 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 17. 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) 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.

At June 30, 2013 the University still held $2,656,754, of pledge receivables, land, buildings and equipment and $15,000 of deferred revenue related to WYSO. The assets and liabilities were transferred during 2014, and no asset or liability exists as of June 30, 2014.

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

	2014		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support	$ 260	$ -	$ 260
Net assets released from restriction	264,308	(264,308)	-
Total revenues, gains and other support	264,568	(264,308)	260
Total expenses	11,612	-	11,612
Change in net assets	$ 252,956	$ (264,308)	$ (11,352)

Note 18. Subsequent Events

Seattle Building Sale: In September 2015, the University sold the Seattle building for $26,500,000. The building proceeds included $8,000,000 in cash and $18,500,000 in a promissory note receivable. A portion of the proceeds from the sale were used to retire the Seattle bond for $4,245,000 on September 30, 2015. There was approximately $1,000,000 in closing costs paid related to the sale. As of September 30, 2015, the total building and building improvement asset value disposed of was approximately $4,955,000. The University has maintained use of the building through December 2016. In connection with the sale, the University also entered into non-cancelable operating lease agreement for new building space for a period of 180 months, beginning upon the substantial completion of improvements of the building or December 1, 2016. The lease requires a base rent of approximately $99,000 per month for the first year, which shall escalate at a rate of 2.75% annually thereafter.

Note 18. Subsequent Events (Continued)

Antioch Education Abroad Sale: On January 21, 2016, the University entered into an asset purchase agreement to transfer ownership of certain international study abroad instructional programs referred to as Antioch Education Abroad (AEA) for $75,000. The sale included certain intangible assets, such as course syllabi and course materials. At June 30, 2015 and 2014 the University still held $121,547 and $204,091, respectively, of student receivables and prepaid assets and $179,748 and $293,412, respectively, of deferred revenue, benefit liabilities and deposits held for others related to AEA. Revenue and expenses recorded in the accompanying statements of activities for AEA are as follows for the years ended June 30:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and support	$ 1,327,135	$ -	$ -	$ 1,327,135
Total expenses	1,551,023	-	-	1,551,023
Change in net assets	$ (223,888)	$ -	$ -	$ (223,888)

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and support	$ 1,576,552	$ -	$ -	$ 1,576,552
Total expenses	1,697,830	-	-	1,697,830
Change in net assets	$ (121,278)	$ -	$ -	$ (121,278)