

Amherst College Annual Financial Report



FISCAL YEAR ENDED JUNE 30, 2015



Table of Contents

The Corporation	2
A Message from the President	4
Report from the Chief Financial Officer	6
Amherst College Statement of Operating Resources and Expenses	8
Report from the Chief Investment Officer	14
Report from the Folger Shakespeare Memorial Library	20
Folger Shakespeare Memorial Library Statement of Operating Resources and Expenses	21
Amherst College Twenty Years in Review	22
Independent Auditor's Report	23
Balance Sheet.	24
Amherst College Statement of Activities	25
Folger Shakespeare Memorial Library Statement of Activities	26
Consolidated Statement of Activities	27
Statement of Cash Flows	28
Notes to Financial Statements	30
Amherst College Gifts, Bequests and Grants Received.	50
Folger Shakespeare Memorial Library Gifts, Bequests and Grants Received.	50

The Trustees of
Amherst College
administer Amherst
College in Amherst,
Mass., and the
Folger Shakespeare
Memorial Library in
Washington, D.C.



The Corporation | Fiscal Year 2014–15

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Mr. Lehane, Mss. Pascucci, Rauch,
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*Chair Emeritus

¹ Deceased August 2014

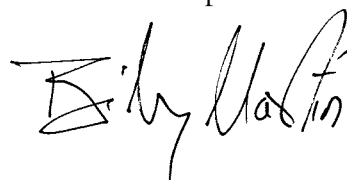


A Message from the President

I am pleased to share this report with you, which provides the latest information on the strength of Amherst College's financial position. The report shows that we have one of the strongest financial portfolios in American higher education. Our alumni, parents, and friends have set Amherst apart with their support over almost 200 years, positioning the College at every stage to adapt to changing circumstances and enhance the education it provides. The Investment Committee of our Board of Trustees and the highly skilled team in our finance and investment offices ensure that the College's resources are effectively and carefully managed in support of its core mission.

Our goal is to continue setting the standard for educational opportunity and excellence, while shaping and promoting liberal arts education as the form of education our society urgently needs. Amherst has the financial and human resources to adapt residential liberal arts education to the needs of the 21st century, and to develop the intellectual curiosity

and problem-solving skills of our students, while also helping them acquire greater self-awareness and a sense of responsibility to others. We are grateful to all the alumni and donors, the current and former trustees, the faculty, and the staff who built an institution that fosters the love of learning, of thought, and of friendship.



Biddy Martin
President



Report from the Chief Financial Officer

Greetings from Amherst. It is a great pleasure to provide you with this report on the College's financial results for the fiscal year concluded June 30, 2015 (FY15). In my prior reports, I have highlighted the College's financial strength and health while noting that Amherst's lofty ambitions and high expectations constantly test the limits of its seemingly ample financial resources. I continue to see this as immensely positive. My goal, and the goal of the financial team as a whole and all of our dedicated staff, is to help ensure that the College deploys its resources in an energetic yet responsible manner to ensure that Amherst achieves all aspects of its mission, both today and far into the future.

Kevin C. Weinman
*Chief Financial
Officer*



Following my letter are the audited financial statements for the Trustees of Amherst College (Institution), prepared in accordance with accounting standards generally accepted in the United States of America. These statements show the individual as well as the combined operations of Amherst College (College) and the Folger Shakespeare Memorial Library (Library), as well as the assets of trusts in which the Institution is a beneficiary, in one full set of financial statements. For more description of the financial presentation, please see Footnote #1 on page 30, *Basis of Presentation*.

While statements in this format give a true financial picture of the Institution as a whole and provide a measure of consistency and comparability among nonprofit institutions, they do not reflect how the Institution is internally managed. In fact, the College, the Library, and the Emily Dickinson Museum (Museum) are managed as independent operations, with separate operating budgets. These budgets are based on the principles of fund accounting, basically dividing the operation into operating resources, which fund the day-to-day business of the Institution; endowment resources, which help to finance the Institution over the long term; and facilities, concerned with the management and investment of the Institution's physical assets. The operating results for the College are on page 8; detailed information related to the Library follows this narrative on page 21.



AMHERST COLLEGE OPERATING RESULTS

The FY15 College operating budget was established at \$169.0 million, with an expectation of balanced revenues and expenditures. As you can see from the presentation on page 8, overall FY15 activities resulted in an operating deficit of about \$300,000, or about 0.2% of budget. Factors contributing to the deficit included higher financial aid expenses for the incoming class of 2018 than anticipated, lower overall tuition receipts due to an unusually high rate of study abroad in the spring term, and slightly higher academic support and student life expenditures. Several factors offset many of these effects, including higher current-use gifts and trust receipts than anticipated.

Cost per student (excluding scholarships) rose to approximately \$95,600 in FY15, an increase of 7.4%, as a result of a 6.0% increase in the FY15 budget and a drop in the number of on-campus students that resulted from an unusually high rate of study abroad in the spring term. With a FY15 comprehensive fee of \$60,400, Amherst continues to offer a substantial discount relative to its costs per student. Thus, even students who did not receive financial aid benefitted from a billed rate that was 37% less than the College's cost per student (in FY14, the billed rate was 35% less than the actual cost per student). After financial aid provided by the College in the form of grants, Amherst students paid on average \$32,700 in tuition and fees, an average rate about 66% less than the College's cost per student. Such discounting for all students—those receiving financial aid and those not—is possible only through the generosity of the College's donors and friends to the endowment, Annual Fund, and current budget.

Statement of Operating Resources and Expenses

for the years ended June 30, 2015 and 2014 (unaudited)



	2015	2014
Resources available		
Student tuition and fees	\$106,919,000	\$103,529,000
Amherst College scholarship	(49,083,000)	(45,946,000)
Net tuition and fees collected	57,836,000	57,583,000
Auxiliary and other revenues	7,722,000	7,552,000
Net utilization of new and prior restricted fund receipts	(1,004,000)	(1,795,000)
Total Resources Available		
(before support from Alumni and Friends)	64,554,000	63,340,000
Current expenses		
Educational and General		
Instruction	40,244,000	37,571,000
Academic support	11,540,000	12,440,000
Research	4,168,000	3,522,000
Library	6,856,000	6,321,000
Student services	20,632,000	18,830,000
Operation and maintenance of plant	22,130,000	20,136,000
Administration and general	22,864,000	18,971,000
Pensions and professional fees	4,306,000	4,572,000
Total Education and General	132,740,000	122,363,000
Other Expenses		
Academic awards	1,232,000	1,227,000
Auxiliary activities and other	15,320,000	15,415,000
Debt service	19,982,000	19,927,000
Total current expenses	169,274,000	158,932,000
Deficit before support from Alumni and Friends	(104,720,000)	(95,592,000)
Distribution from endowment	83,473,000	77,812,000
Annual Fund	10,170,000	10,381,000
Gifts and grants for operating purposes	10,777,000	9,080,000
Total support from Alumni and Friends	104,420,000	97,273,000
(Deficit)/Surplus before designation to reserves	(300,000)	1,681,000
Transfer of Surplus to Designated Reserves		(581,000)
(Deficit)/Surplus to General Operating Reserve	\$ (300,000)	\$ 1,100,000

As in the prior year, annual resources available for the operating budget remain unusually concentrated. Over 80% of the College's revenues are derived from two key sources: student fees net of financial aid, and endowment distribution.

In FY15, net student fees (comprehensive fee, room, board, and other charges), after discounting for financial aid, provided only 34% of the College's revenues. Only four other institutions offer the comprehensive need-based financial aid program Amherst does, which includes need-blind admissions for both domestic and international students, meeting the full demonstrated financial need of every admitted student, awarding all aid based on the level of financial need of each student and family, and a no-loan financial aid approach (in which grants replace loans in financial aid packages). Despite the 4.2% increase in the comprehensive fee for this year, net collections of comprehensive fee revenue increased only 0.4% year-over-year as the College continued to increase financial aid faster than the College's full comprehensive fee.

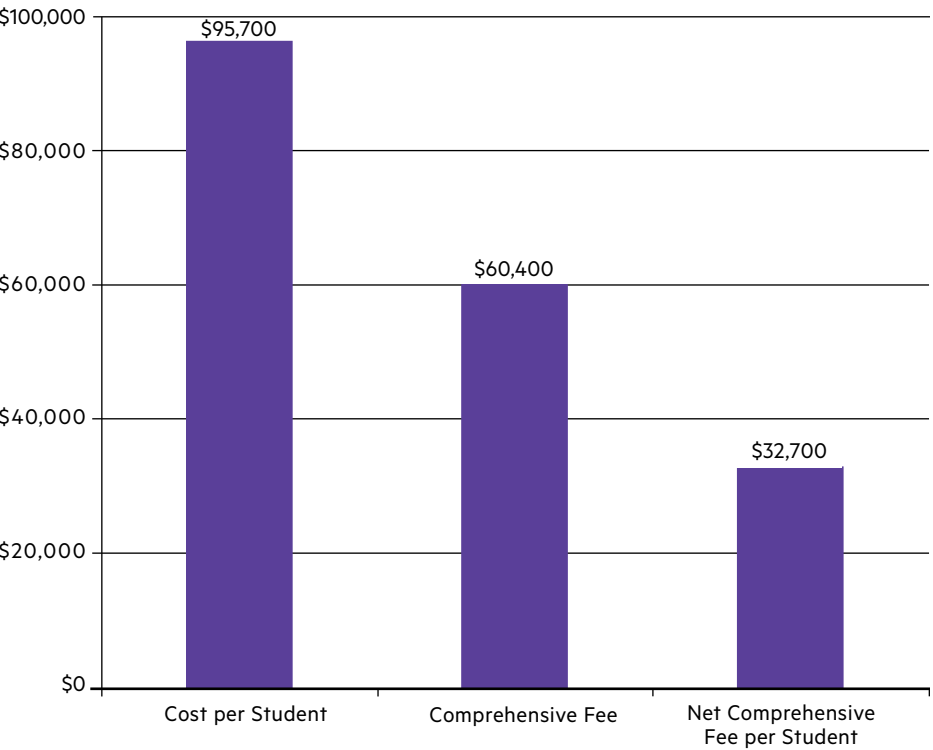
Distribution from Amherst's endowment continued to be a substantial and growing portion of the College's operating revenues, totaling nearly 49% in FY15, one of the highest "endowment reliance" factors in higher education. The ongoing support from the endowment to the College's budget remains substantial. This is possible only because of the extraordinary generosity, past and present, of alumni, parents, and friends of the College; the expertise and acumen of the Investment Committee of the Board of Trustees and professionals in our internal Investment Office; and a long and cautious tradition of prudent use of the endowment to fund current operations. Despite Amherst's unusually high reliance upon its endowment to fund current operations, its endowment "spending rate" is a modest, responsi-

ble, and healthy 4.5% of the three-year average endowment value (and only 4.0% of the FY15 beginning market value). Amherst's target is to keep this distribution rate between 4% and 5%; it has been below 5% every year since the late 1990s. Amherst continuously monitors this rate closely, as the administration, trustees, and campus community work to balance the needs of the present with a thoughtful and affordable plan for the future.

The Annual Fund continues to be an essential source of ongoing revenue. It provides 6% of the College's total operating budget, which allows Amherst to fund its most important priorities, including financial aid and access, superb teaching and research, facilities upkeep and enhancements, and student activities and services. Revenues from other gifts and grants, including research, fund another 7% of the budget. Auxiliary activities cover the remaining 4%.

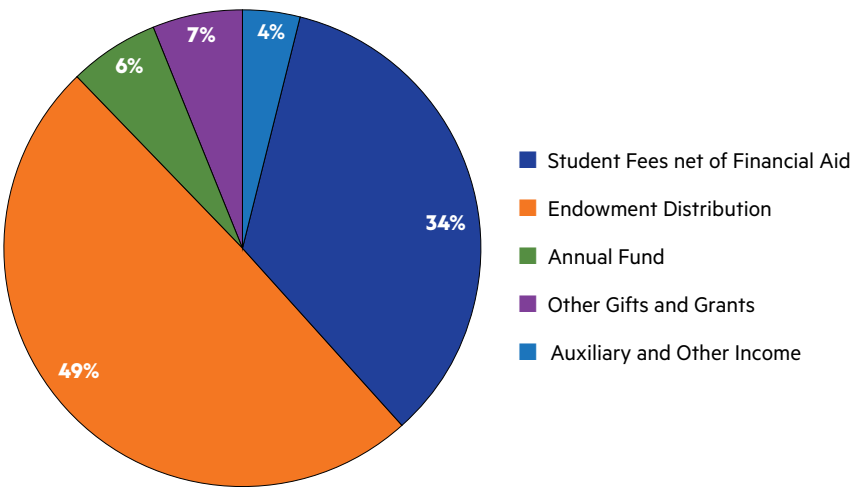
Meanwhile Amherst's expenditures have been proportionately consistent for several decades. In FY15, nearly one-quarter (24%) of expenditures were incurred directly for instruction. Instruction and related activities—including academic support, research, and library—totaled nearly 40% of the budget. Together, plant and debt service (which is generally incurred to fund facility construction and renovation) totaled just over one-quarter of Amherst's budget. Debt service is the line item with the most substantial growth over time, as Amherst has moved from very little debt in the 1990s to \$394 million as of FY15 year-end. The careful use of debt in a low-interest-rate environment has allowed the College to preserve its endowment while embarking upon a host of much-needed facilities projects. Amherst has benefitted from a very low overall cost of borrowing due to the College's strong credit and favorable debt markets.

Amherst's comprehensive fee is far lower than its actual cost to educate each student. This means even students not receiving financial aid pay 37% less than the College's cost per student.



FY15 REVENUES = \$169.0 MILLION

Nearly 83% of the College's revenues come from student fees net of financial aid and endowment distribution.



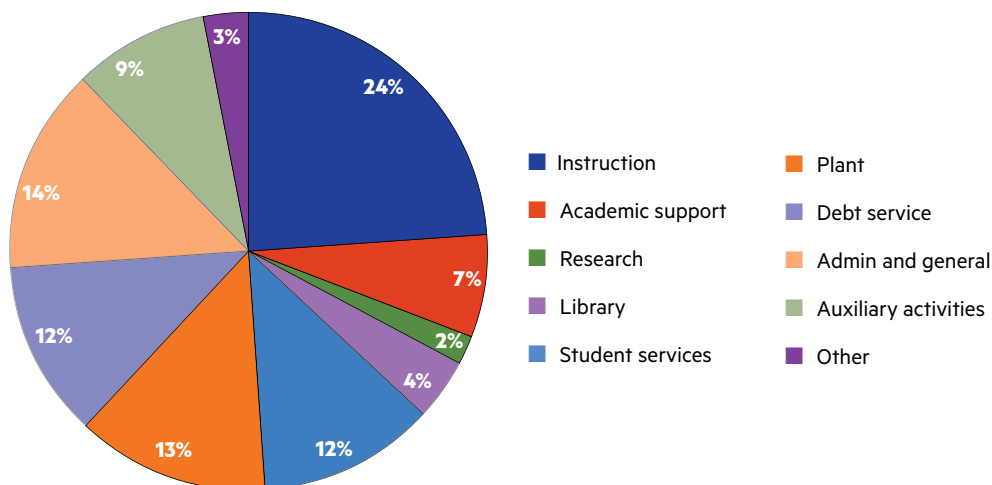
DEBT

As of FY15 year-end, the College held \$394 million in short-term and long-term debt. Its endowment-to-debt ratio, one of the simplest but most important measurements of the strength of a college's balance sheet, was a very healthy 5.6-to-1, up from a recent low of 4.0-to-1 in FY12. The College continues to monitor its debt portfolio in order to achieve the lowest possible overall cost of debt. The College's debt trades very actively and is in high demand in the market, driving our debt service costs down. Amherst continually monitors its liquidity to ensure it has access to funds to meet operational obligations and to protect against any potential difficulties in the remarketing of its variable-rate bonds. The College has adequate cash balances on hand and access to a number of low-cost lines of credit with several financial institutions that provide further security. Amherst has no outstanding borrowings on any of these lines.

Subsequent to year-end, but prior to the publishing of this report, the College issued \$150 million of 30-year fixed-rate debt. The College's strong credit allowed for a favorable fixed interest rate of 4.10% on this issuance. These proceeds will provide the College with ample capital and liquidity during the remainder of the construction period for the Greenway Projects (discussed further in the "Facilities and Other Capital Projects" section below). In particular, the issuance will serve as bridge financing; as anticipated gift pledges and receipts materialize for these projects, the College intends to repay several term-bonds or variable-rate bonds to reduce its outstanding debt balance. At the time this occurs, the College's overall debt levels will decrease, and the composition of its debt will continue a shift from roughly a 50%/50% mix of fixed-rate and variable-rate (or synthetically fixed-rate) debt, as existed at FY15 year-end, to a mix much more heavily weighted toward fixed-rate debt. We view this as a very positive shift, particularly should interest rates rise in the future.

FY15 EXPENDITURES = \$169.3 MILLION

The College incurs a diversified array of expenditures that directly and indirectly support the student experience inside and outside the classroom.



GIVING TO THE COLLEGE

Continuing an extraordinary record of generosity, Amherst's alumni, parents, and friends provided the College with cash gifts, bequests, and grants in FY15 of \$44.8 million. In FY14 gift receipts totaled \$62.5 million, which included the last of five successive years of \$25 million in annual receipts from two anonymous unrestricted endowment gifts made during the previous campaign. The Annual Fund (AF), composed of the Alumni Fund and the Parents' Fund, raised \$10.2 million this past year, consistent with recent years' results. The AF is a critically important source of unrestricted operating revenue. The impact of that giving is made clear by the reality that to replace that level of support to the operating budget through endowment income, the College would need approximately \$225 million in additional endowment principal. The AF is the most meaningful way for alumni, parents, and friends at all economic levels to participate in the College's fundraising efforts. Many of Amherst's most generous alumni began their support of the College with participation in the AF. Although their giving now includes endowment, facilities, and life-income gifts, these donors remain loyal supporters of the AF. Because of this loyalty, Amherst is a national leader in alumni participation.

In addition to Annual Fund receipts, donors contributed gifts totaling \$11.8 million to support current operations in such areas as instruction, research, library purchases, scholarships, and fellowships. The College received \$10.2 million in new endowment gifts. Gifts for facilities totaled \$11.3 million this past year. Life-income gifts—charitable remainder unitrusts and annuity trusts, charitable gift annuities, and pooled income funds—totaled \$1.2 million in FY15. These gifts provide beneficiaries with income during their lifetimes while

supporting a wide variety of College programs in future years. Since FY07, an Internal Revenue Service ruling allows the College to invest its charitable remainder unitrusts in units of the endowment investment pool (referred to as an “endowment trust” by the College). As a result, these trusts receive the same market returns as the endowment. Donors and beneficiaries now benefit from access to the investment expertise of the College's endowment managers, and beneficiaries receive annual income based on the trust's yearly market value. This ruling contributed greatly to the level of life-income gifts received and pledged.

FACILITIES AND OTHER CAPITAL PROJECTS

The campus will be undergoing a transformation through the Greenway Projects, which include four new residence halls, a new Science Center, and a new Greenway. The new residence halls, which will open late this summer, will house 297 students and offer much-needed community areas in the form of event spaces, seminar rooms, and more. The interdisciplinary Science Center, which will be completed by fall 2018, will feature state-of-the-art teaching and research facilities as well as additional classrooms and gathering spaces that will bring together faculty and students from across campus.

Amherst has always recognized the value of place, and the final piece of the Greenway Projects will be a redesigned landscape connecting the Science Center and the new residence halls. The Greenway, which will be finished by fall 2018, will complement Amherst's iconic quadrangles while transforming formerly overlooked areas on the eastern side of campus into inviting, beautiful spaces for recreation, socializing, and conversation.

Construction on the new dormitories is well under way, and work is currently on budget and on time. In the fall of 2016, the “Social Dorms” on the east side of campus, containing approximately 290 beds, will be razed to make way for the Science Center. Amherst College sets aside funds annually to address deferred maintenance needs, which will always be acute on an older campus in a climate that is often harsh and unforgiving. As a result, Amherst is continuously evaluating the adequacy of its annual and accumulated funding for such projects, and considers a wide variety of potential funding sources for these needed expenditures, including debt proceeds and philanthropy.

STRATEGIC PLAN

We released an exciting and ambitious strategic plan during FY15 that will guide our thinking as an institution through the College’s bicentennial celebration in 2021 and far beyond. The aspirations highlighted in the plan are broad and deep. From a financial perspective, enabling these priorities through thoughtful financial planning will be our primary focus in the coming years. Some strategic priorities need no funding at all, merely a shift in focus and emphasis. Others can be accommodated in our annual budgeting process, which will require the discipline necessary to concentrate any available incremental resources only to the most critical strategic priorities. Still others will need to wait for funding from donors, grants, or both. I am confident that we will maintain a healthy balance between the urgent pursuit of our ambitions and careful stewardship of our financial resources for future years.

It continues to be a terrific privilege to serve you as Amherst’s chief financial officer. I have had the pleasure to meet and speak with many students, parents, alumni, and friends over the last 12

months, and I look forward to meeting many more of you in the near future. I have been inspired by your love and commitment to the College, and will continue striving to do my part to advance the priorities of this incredible college.



Kevin C. Weinman
Chief Financial Officer



Report from the Chief Investment Officer

Amherst's endowment is an important element of the College's financial strength, providing 49% of revenue in Fiscal Year 2015 (FY15). At the fiscal year's end, June 30, 2015, the Amherst College endowment had a market value of \$2.194 billion (versus \$2.149 billion on June 30, 2014, an increase of \$45 million). The return on the College's investments was 5.4%, net of all investment management fees and related expenses.

The Folger Shakespeare Memorial Library's Endowment Fund increased from \$323.5 million to \$328.8 million during the fiscal year. Funds managed by the trustees under life-income agreements totaled \$87.9 million at June 30, 2015, showing a net decrease of \$1.6 million from the prior year. Gifts of \$10.2 million and another \$1.6 million in transfers to the endowment from terminated life-income funds also contributed to the College's endowment for the year.



Mauricia Geissler
*Chief Investment
Officer*

FISCAL YEAR 2015 MARKETS AND RETURNS

The major market themes during FY15 included the dramatic decline in oil prices (down more than 50%), as well as a widespread decline in currencies relative to the U.S. dollar. Developed Market equities generally performed well in local currency returns, but the strengthening U.S. dollar ate into the dollar-adjusted performance in these markets. In U.S. dollar terms, Emerging Markets equities declined nearly 5% for the fiscal year—one of the worst fiscal-year returns in more than 25 years. China helped to buoy Asian Equities, returning 25% for the fiscal year, but showed signs of weakening at the end of FY15. Bond markets in the U.S. produced modest gains for the fiscal year; however, overseas fixed-income markets were generally negative. Commodity markets came under severe pressure during the fiscal year, with the MSCI World Natural Resources Index declining by more than 26%.

On an absolute basis, the College's investments returned 5.4% for the fiscal year. The College's return outperformed the College's strategic policy benchmark, which rose 2.6% for the period. The College's return slightly outperformed the 60% S&P 500 Index/40% Barclays U.S. Aggregate Bond Index blended return of 5.3%.

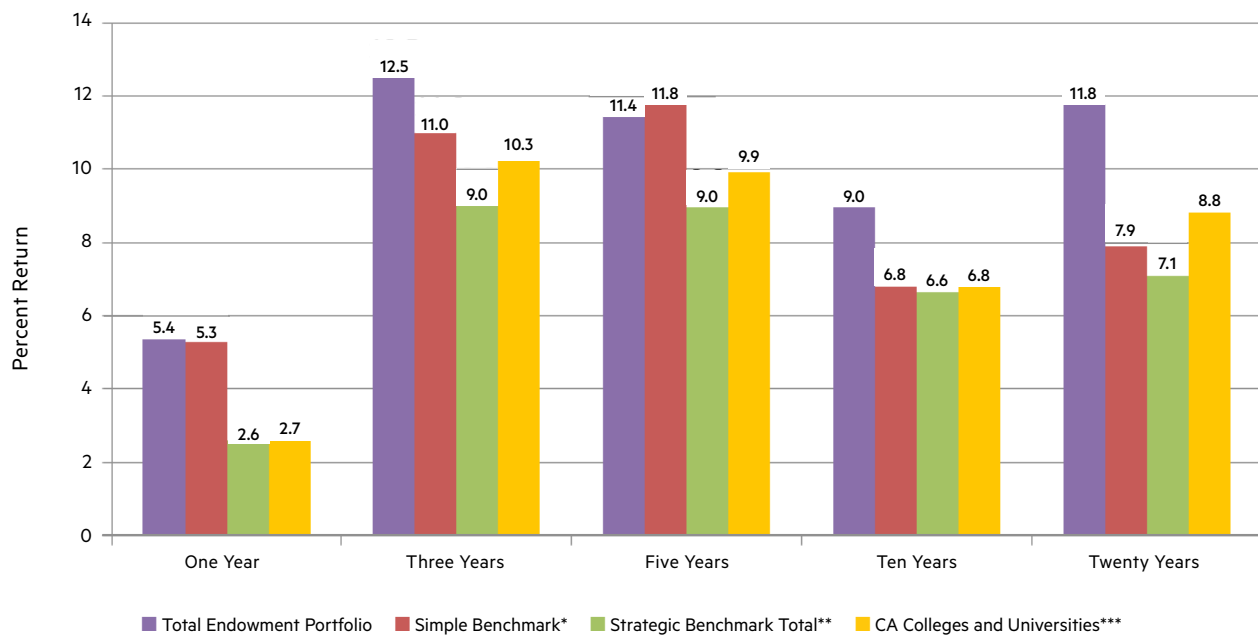
More specifically, the College's public equity portfolios produced very strong relative returns compared to their respective benchmarks, as noted in the table at right.

The College's Absolute Return portfolio was flat for the year and underperformed the HFRI Fund Weighted Composite Index by 2.4%. The College's Fixed

Amherst's public equity composites outperformed their respective benchmarks in FY15.

Total Return for Year Ended June 30, 2015	Amherst Return	Market Return	Benchmark/Comparative Index
U.S. Equity	9.8	7.4	S&P 500
Global Equity	7.2	1.4	MSCI World
non-U.S. Equity	0.2	-4.2	MSCI EAFE
European Equity	36.0	-5.4	S&P Europe Blend
Asian Equity	8.9	4.1	MSCI Asia ex Japan
Emerging Markets Equity	-4.4	-4.8	MSCI EM
Equity Hedge Funds	5.5	2.6	HFRI Equity Hedge Index

Amherst College Performance Comparisons for Twenty Years ended June 30, 2015



* Simple Benchmark represents a blended benchmark of 60% S&P 500 and 40% Barclays Aggregate Bond Index.

** Amherst's strategic policy benchmark is a weighted average return derived by applying the target strategic policy portfolio weights of each asset class to the performance of the respective asset class benchmarks.

*** Cambridge Associates mean for colleges and universities. The universe consists of 162 institutions reporting returns to Cambridge Associates for one year, 161 institutions reporting for three years, 158 institutions reporting for five years, 151 institutions reporting for 10 years, and 120 institutions reporting for 20 years.

Income portfolio produced a positive 0.4% return; however, it underperformed the Barclays U.S. Aggregate Bond Index, which was up 1.9%. Finally, Private Capital strategies, for the most part, contributed positively to performance during the year, led by particularly strong results from Venture Capital, which returned over 30% for the fiscal year. Private equity, private real estate, and private timber strategies produced mid- to high-single-digit returns for FY15, while private energy was a notable detractor, falling more than 18% during the year.

Overall, the College's FY15 return ranked in the top quartile of the Cambridge Associates performance universe for college and university endowments. Longer-term results remain quite strong, with the College's 10-, 15-, and 20-year annualized returns standing at 9.0%, 8.3%, and 11.8%, respectively. These returns rank in the top decile of returns for U.S. college and university endowments.

POLICY PORTFOLIO AND INVESTMENT STRATEGY

To achieve the objective of providing strong operating support while preserving purchasing power, the endowment is invested across diverse asset classes, strategies, geographies, and managers. The strategic policy portfolio, established by the Amherst College Investment Committee, guides overall asset allocation and liquidity. The Investment Committee continues to define the strategic policy portfolio across four broad asset categories: Global Equities, Absolute Return, Fixed Income & Cash, and Real Assets. The Investment Committee and Office of Investments' staff regularly review the expectations upon which the strategic policy portfolio is based and, within each of these broader categories, will refine the allocation to various sub-asset classes—

for example, public versus private and developed versus developing markets—with the goal of improving the portfolio's risk/return characteristics.

In addition to broadly diversifying the investments across asset classes, the Investment Committee and Office of Investments' staff aim to maintain sufficient exposure to liquid investments to satisfy the endowment's financial support of the College's operations, and to provide the portfolio liquidity needed to meet its private capital obligations and the nimbleness to take advantage of market opportunities. To this end, approximately 50% of the portfolio is fully convertible to cash in under a year, and 20% is convertible in less than 30 days.

The strategic policy portfolio targets and policy ranges, along with actual asset allocation levels as of June 30, 2015, are shown in the table at right.

Over the past few years, the biggest shift has been a decline in exposure to dedicated Fixed Income strategies and an increase in Absolute Return strategies. In particular, the College has steadily decreased its exposure to traditional Fixed Income strategies, given the prevailing low yields available in the market. At the same time, the College has shifted a significant portion of its exposure into Absolute Return strategies, with managers who have the ability to invest across asset classes and security types (Equities, Rates & Credit, Currencies, Commodities, Derivatives, etc.).

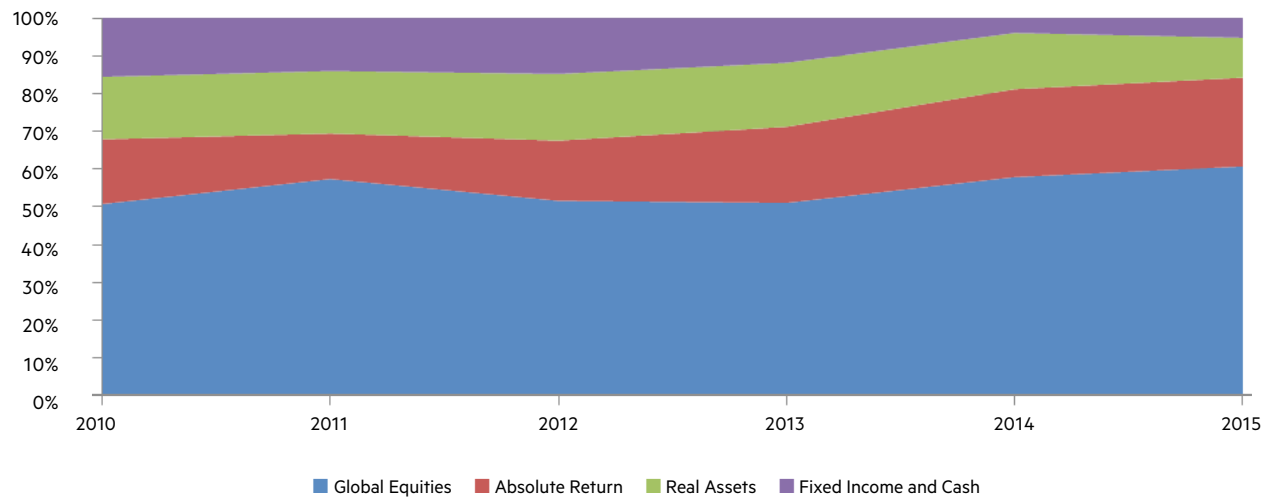
The chart at right illustrates the change in asset allocation that has occurred over the past five years.

The much-anticipated market volatility arrived as FY15 came to a close. The precipitous decline in energy prices, in conjunction with a slowdown in China, has created widespread unrest in de-

Asset Allocation at June 30, 2015

	Strategic Policy Target	Policy Range	Actual Asset Allocation
Global Equities (public and private)	55%	30–70%	61%
Absolute Return	20%	15–25%	23%
Fixed Income (includes cash)	10%	0–20 %	5%
Real Assets (natural resources and real estate)	15%	10–20%	11%
Total Pool	100%		100%

Amherst College Historic Asset Allocation



veloped and emerging markets. A lack of clarity surrounding fiscal policies in both China and the U.S. has investors reluctant to take on excessive risk. The International Monetary Fund has lowered global growth outlooks from 3.3% to 3.1% for calendar 2015. While most economists do not foresee a global recession in the near term, they do expect the heightened volatility to remain. In light of the current volatile and uncertain backdrop, it is more important than ever for institutions like Amherst College to position themselves to be able to ride out unevenness in the markets.

SUSTAINABILITY

In February 2015, the Board of Trustees issued a statement defining sustainability as a basic College objective. The Office of Investments and Investment Committee pledged to achieve this goal through a process of ongoing inquiry, analysis, and engagement with our managers on issues related to environmental sustainability, rather than systematically excluding direct investment in certain companies, industries, or sectors. As a part of this effort, the College reached out to each of its investment managers, asking how they incorporate the financial risks and impact of climate change when evaluating investments. The majority of managers affirmatively indicated that they take these risks into consideration when evaluating prospective investments. In addition, the College continues to proactively evaluate and vote its shareholder proxies in alignment with ESG (Environmental, Social, and Governance) principles, advocating for corporate accountability with respect to social, ethical, environmental, and governance issues. The Office of Investments has partnered with Ceres, a nonprofit organization advocating for sustainability leadership, through membership in its Investor Network on Climate Risk, to advocate and participate

in various initiatives on environmental sustainability and efforts that will lead to the reduction of greenhouse gas emissions.

The Investment Committee, along with the Office of Investments staff, understands the need to be strong stewards of the College's endowment on behalf of the thousands of alumni who have helped to grow this tremendous resource for the College. We believe that the College will be well served by its strategy of broad diversification across asset classes, geographies, and strategies, and by the excellent investment partners whom we employ. Our focus remains on positioning the endowment to take advantage of market opportunities, without taking excess risk, as we strive to protect and strengthen the resources provided by all the generous donors to the College endowment.



Mauricia Geissler
Chief Investment Officer



Report from the Folger Shakespeare Memorial Library

The Folger continued to build on the groundwork laid by the Strategic Plan during FY15 and experienced a number of successes. The final presentation of our exhibition season, *Ships, Clocks, and Stars: The Quest for Longitude*, was the most highly attended exhibition in the Folger's history, reaching just under 50,000 patrons throughout its four-month display. This exhibition was underwritten by a generous sponsorship from United Technologies Corp., which made it possible for the Folger to bring this unique display, which marked the 300th anniversary of the Longitude Act, from Greenwich, England, to D.C. audiences.

During the last year the Folger Board of Governors welcomed a number of new members, including Loren Rothschild, Simon Russell Beale, May Liang, and Peter Edwards. This fiscal year also saw

the resignation of longtime Board member Peter Rose.

Folger Theatre continued to set new records for artistic excellence in FY15. Helen Hayes Award-winning director Aaron Posner staged the inventive *Rosencrantz and Guildenstern Are Dead*, which is now the highest-grossing production in Folger Theatre history. Folger Consort toured their concert *The Merchant of Venice: Music and Poetry of Shakespeare's Play* to the 1,800-seat Strathmore Music Center and the Sam Wanamaker Playhouse at Shakespeare's Globe in London, and the O.B. Hardison Poetry series concluded its programming with a singular reading by former U.S. Poet Laureate and Pulitzer Prize winner Rita Dove.

The Folger celebrated the completion of its first year partnering with District of Columbia Public Schools where Folger Education served as the primary provider of professional development related to Shakespeare. This partnership included highly successful workshops and programs that were instrumental in creating district-wide advances in Shakespeare curriculums and the way they are delivered in the classroom. Folger Education also continued to expand their reach digitally through the second season of *Shakespeare Uncovered*, creating new materials for teachers and students to enhance and deepen the learning experience with each new episode of the series. The hallmark Teaching Shakespeare Institute, funded by the National Endowment for the Humanities and hosting 25 secondary school teachers from across the nation, marked its 30th anniversary in FY15.

Michael Witmore
*Director,
Folger Shakespeare
Memorial Library*



Folger Institute organized scholarly activities throughout FY15, including a day-long workshop attended by conservators, curators, librarians, and other researchers to examine the mysterious and heavily illustrated Voynich manuscript. This workshop resulted in discovering new ways to approach the text, paving the way for future scholarship. The Institute also held “Early Modern Digital Agendas: Advanced Topics,” a forum for visiting scholars to analyze and study nearly 25,000 early modern digital texts. The fellowship program hosted five yearlong and 45 short-term fellows.

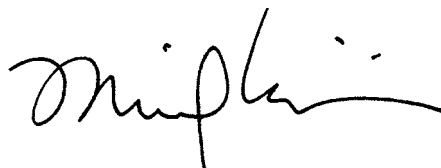
February saw the successful launch of the Folger’s new website, Folger.edu, a platform which offers an easy-to-navigate, responsive, visually beautiful, and mobile-friendly experience. Within its first week Folger.edu received 123,000 page views by 35,000 users. Additionally the Folger partnered with JSTOR, a database of over 2,000 scholarly journals, to create *Understanding Shakespeare*, a research tool that allows readers around the world to navigate within the Folger’s Digital Texts and view scholarly articles referenced by individual lines.

The library acquired hundreds of new items during FY15, with two of special note. The first is an oil-on-canvas painting commissioned circa 1795 and painted by Richard Westfall depicting “Imogen Entering the Cave of Belarius” from Shakespeare’s *Cymbeline*; the second, a copy of the 1684 Fourth Folio of Shakespeare’s plays, is heavily annotated by the Rev. Phillip Francis, who was intimately familiar with stage practice in the 18th century. The Folger also hosted a three-day symposium on rare-book conservation, “Don’t Rock the Cradle,” which drew 120 conservators and curators from around the world. The event focused on exhibition design and the bespoke book mounts of the Folger.

Statement of Operating Resources and Expenses

for the years ended June 30, 2015 and 2014 (unaudited)

	2015	2014
Resources available		
Distribution from endowment	\$11,647,000	\$11,361,000
Income from current fund investments	1,000	1,000
U.S. government grants	1,029,000	773,000
Gifts and other grants	2,955,000	2,103,000
Other	3,946,000	3,401,000
	<u>19,578,000</u>	<u>17,639,000</u>
Restricted expendable funds availed of—net	155,000	645,000
Appropriation for collection acquisitions	(301,000)	(300,000)
	<u>19,432,000</u>	<u>17,984,000</u>
Current expenses		
Administration and general	6,631,000	6,248,000
Development office	892,000	864,000
Central library	3,917,000	3,351,000
Museum shop and rental properties	265,000	292,000
Folger Institute	1,183,000	1,102,000
Digital media/publications	854,000	670,000
Education programs	649,000	556,000
Public programs	3,534,000	3,118,000
Grant activities	916,000	672,000
	<u>18,841,000</u>	<u>16,873,000</u>
Capital campaign expenses		
Reserve transfer	(116,000)	(706,000)
Plant transfer for building projects	(475,000)	(400,000)
	<u>(591,000)</u>	<u>(1,106,000)</u>
Surplus	<u>\$ 0</u>	<u>\$ 5,000</u>



Michael Witmore
Director, Folger Shakespeare Memorial Library

Twenty Years in Review

	2015	2014	2010	2005	2000	1995
Assets (000's omitted)						
Total Assets	\$3,108,489	\$3,058,913	\$2,183,314	\$1,609,619	\$1,224,645	\$509,075
Endowment Funds at Market	2,193,511	2,149,203	1,385,745	1,154,570	912,399	362,407
Life Funds at Market	87,933	89,503	69,478	68,957	72,890	34,595
Student Loans Outstanding	2,221	2,525	3,827	3,797	4,562	3,922
Income (000's omitted)						
Net Student Income	57,837	57,583	48,561	42,982	38,050	30,348
Student Income—% of Operating Expenditures	36.4%	36.2%	37.9%	45.0%	50.7%	51.4%
Gifts, Bequests, and Grants Received	44,802	62,539	64,846	34,835	35,504	17,563
Annual Fund, utilized	10,170	10,381	9,789	7,296	6,430	3,847
Endowment Income Distributed	84,158	78,236	59,320	38,150	22,875	17,452
Expenditures (000's omitted)						
Net Operating Expenditures	169,274	158,932	128,136	95,585	74,984	59,065
Educational and General	132,740	122,363	102,519	79,093	60,694	46,820
Scholarships Awarded (000's omitted)	49,083	45,946	34,454	19,447	13,242	9,489
Miscellaneous						
Number of Students, average for year	1,770	1,785	1,709	1,606	1,632	1,584
Comprehensive Fee	\$ 60,400	\$ 57,970	\$ 48,400	\$ 38,940	\$ 31,360	\$ 25,060
Net Cost per Student (net of scholarships)	95,635	89,037	74,977	59,525	45,946	37,289
Endowment per Student, based on fall enrollment	1,224,057	1,204,035	794,579	702,293	545,693	227,214
Comparative Investment Performances (Total Return Indexed)						
Amherst College Consolidated Fund	926	879	539	393	279	100
Standard and Poor's 500	551	513	248	258	291	100
Barclays Aggregate	299	293	253	194	135	100
MSCI EAFE, net	274	286	174	166	171	100
Investments (000's omitted)						
Funds (at market)						
Consolidated Fund	\$2,192,486	\$2,148,174	\$1,384,230	\$1,152,705	\$ 910,473	\$355,254
Folger Shakespeare Memorial Library	328,846	323,504	231,689	203,057	173,776	75,070
Separately Invested						
Endowment Funds	1,025	1,028	1,516	1,865	1,927	7,152
Immediate Life Income Funds	5,826	6,127	8,245	10,793	11,923	7,821
Balanced Life Income Funds	6,221	6,088	7,114	7,673	7,205	4,004
Life Growth Fund	-	-	-	-	-	27
Gift Annuities	8,491	8,358	4,552	6,934	3,857	
Separately Invested Life Funds	67,395	68,930	49,567	43,557	49,906	22,742
Folger Life Income Funds	1,004	987	675	1,254	1,557	
Other Investments	205,678	302,153	233,740	32,495	58,361	8,735
Total Funds	2,816,972	2,865,349	1,921,328	1,460,333	1,218,985	480,805
Investments by Asset Allocation						
Cash and Cash Equivalents	96,196	76,467	136,621	87,208	37,170	1,916
Domestic Equities	205,890	268,518	135,806	243,324	268,528	187,078
Foreign Equities	228,704	394,670	224,928	209,766	100,162	62,184
Global Equities	440,339	213,202	49,084			
Private Equities	559,872	542,160	333,081	214,306	322,344	11,280
Fixed Income	61,505	64,443	279,975	100,712	193,383	155,668
Absolute Return	909,347	868,013	438,829	444,763	218,776	47,793
Natural Resources	308,810	433,411	313,231	138,689	77,045	13,891
Other Investments	6,309	4,465	9,773	21,565	1,577	995
Total Investments	\$2,816,972	\$2,865,349	\$1,921,328	\$1,460,333	\$1,218,985	\$480,805



Independent Auditor's Report

To The Board of Trustees of Amherst College

We have audited the accompanying consolidated financial statements of the Trustees of Amherst College (the "Institution") and the individual financial statements of Amherst College and Folger Shakespeare Memorial Library, which comprise the consolidated and individual balance sheets as of June 30, 2015, and the related consolidated and individual statements of activities and of cash flows for the year then ended.

Management's Responsibility for the Consolidated and Individual Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and individual financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated and individual 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 the consolidated and individual financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and individual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and individual financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated and individual financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Institution's preparation and fair presentation of the consolidated and individual 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 Institution's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and individual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and individual financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Trustees of Amherst College and the individual financial positions of Amherst College and Folger Shakespeare Memorial Library at June 30, 2015, and the consolidated and individual results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

October 23, 2015

*PricewaterhouseCoopers LLP, 185 Asylum Street, Suite 2400, Hartford, CT 06103-3404
T: (860) 241 7000, F: (860) 241 7590, www.pwc.com/us*

Balance Sheet

June 30, 2015

	Amherst College	Folger Shakespeare Memorial Library	Total
Assets			
Cash and cash equivalents	\$ 132,338,456	\$ 1,302,712	\$ 133,641,168
Short term investments	39,507,930		39,507,930
Accounts receivable, net	3,936,753	547,378	4,484,131
Contributions receivable, net	24,351,948	172,596	24,524,544
Beneficial interest in perpetual trusts	16,796,038		16,796,038
Other assets	5,945,851	1,684,881	7,630,732
Investments	2,484,714,861	332,257,160	2,816,972,021
Student loans receivable, net	2,220,785		2,220,785
Property, plant and equipment, net	398,676,351	43,271,598	441,947,949
Total assets	\$3,108,488,973	\$379,236,325	\$3,487,725,298
Liabilities and Net Assets			
Accounts payable	\$13,019,340	\$583,173	\$13,602,513
Accrued liabilities	3,715,685	132,194	3,847,879
Deferred income and deposits	2,621,715	537,020	3,158,735
Liability for life income obligations	43,157,448	577,316	43,734,764
Pension and postretirement benefit obligations	49,483,678	7,773,817	57,257,495
Bonds payable	391,574,370		391,574,370
Government grants refundable	1,289,858		1,289,858
Interest rate swap agreement	13,824,154		13,824,154
Asset retirement obligations	8,956,011	163,419	9,119,430
Other liabilities	4,349,484	551,169	4,900,653
Total liabilities	531,991,743	10,318,108	542,309,851
Net Assets			
Unrestricted	932,307,681	64,704,432	997,012,113
Temporarily restricted	1,168,894,620	279,132,105	1,448,026,725
Permanently restricted	475,294,929	25,081,680	500,376,609
Total net assets	2,576,497,230	368,918,217	2,945,415,447
Total liabilities and net assets	\$3,108,488,973	\$379,236,325	\$3,487,725,298

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

Statement of Activities | Amherst College

for the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other additions				
Student fee revenue	\$ 85,035,596		\$ 85,035,596	
Residence and dining hall revenue	21,883,809		21,883,809	
Less: Amherst College scholarships awarded	(49,082,665)		(49,082,665)	
Net student fee revenue	57,836,740		57,836,740	
Other revenue, gains and other additions				
Investment income	18,775,449	\$ 7,837,246	\$ 1,023,720	27,636,415
Realized gain (loss) on investments, net of fees	22,708,729	127,206,218	(47,756)	149,867,191
Unrealized (loss) gain on investments	(15,281,027)	(38,665,559)	72,116	(53,874,470)
Change in net value of life income funds		467,573	121,324	588,897
U. S. Government grants		2,710,358		2,710,358
Gifts and other grants	12,809,347	14,151,726	8,040,708	35,001,781
Other	18,745,908			18,745,908
Transfers between net asset categories	(1,705,644)		1,705,644	
Net assets released from restrictions	99,904,322	(99,904,322)		
Total revenue, gains and other additions	213,793,824	13,803,240	10,915,756	238,512,820
Expenditures and other deductions				
Instruction and academic programs	50,810,660			50,810,660
Academic support	17,865,545			17,865,545
Student services	26,481,621			26,481,621
Library	10,241,710			10,241,710
Research and public programs	4,561,800			4,561,800
Administrative and general	26,440,087			26,440,087
Academic prizes, fellowships and awards	1,315,220			1,315,220
Unrealized loss and net settlement on interest rate swap	4,011,072			4,011,072
Auxiliary activities	28,234,412			28,234,412
Other	10,246,159			10,246,159
Total expenditures and other deductions	180,208,286			180,208,286
Increase in net assets	33,585,538	13,803,240	10,915,756	58,304,534
Net assets, beginning of year	898,722,143	1,155,091,380	464,379,173	2,518,192,696
Net assets, end of year	\$932,307,681	\$1,168,894,620	\$475,294,929	\$2,576,497,230

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

Statement of Activities | Folger Shakespeare Memorial Library

for the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Other revenue, gains and other additions				
Investment income	\$ 2,748,648	\$ 1,116,617		\$ 3,865,265
Realized (loss) gain on investments, net of fees	(1,813,744)	23,724,650		21,910,906
Unrealized loss on investments	(600,971)	(7,807,869)		(8,408,840)
Change in net value of life income funds		11,290	\$ 5,561	16,851
U. S. Government grants		1,029,358		1,029,358
Gifts and other grants	622,734	2,219,321	177,237	3,019,292
Other	3,454,426			3,454,426
Net assets released from restrictions	15,346,331	(15,346,331)		
Total revenue, gains and other additions	19,757,424	4,947,036	182,798	24,887,258
Expenditures and other deductions				
Instruction and academic programs	2,110,643			2,110,643
Library	7,652,392			7,652,392
Research and public programs	5,181,043			5,181,043
Administrative and general	4,460,892			4,460,892
Other	78,050			78,050
Total expenditures and other deductions	19,483,020			19,483,020
Increase in net assets	274,404	4,947,036	182,798	5,404,238
Net assets, beginning of year	64,430,028	274,185,069	24,898,882	363,513,979
Net assets, end of year	\$64,704,432	\$279,132,105	\$25,081,680	\$368,918,217

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

Statement of Activities | Consolidated

for the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other additions				
Student fee revenue	\$ 85,035,596		\$ 85,035,596	
Residence and dining hall revenue	21,883,809		21,883,809	
Less: Amherst College scholarships awarded	(49,082,665)		(49,082,665)	
Net student fee revenue	57,836,740		57,836,740	
Other revenue, gains and other additions				
Investment income	21,524,097	\$ 8,953,863	\$ 1,023,720	31,501,680
Realized gain (loss) on investments, net of fees	20,894,985	150,930,868	(47,756)	171,778,097
Unrealized (loss) gain on investments	(15,881,998)	(46,473,428)	72,116	(62,283,310)
Change in net value of life income funds		478,863	126,885	605,748
U. S. Government grants		3,739,716		3,739,716
Gifts and other grants	13,432,081	16,371,047	8,217,945	38,021,073
Other	22,200,334			22,200,334
Transfers between net asset categories	(1,705,644)		1,705,644	
Net assets released from restrictions	115,250,653	(115,250,653)		
Total revenue, gains and other additions	233,551,248	18,750,276	11,098,554	263,400,078
Expenditures and other deductions				
Instruction and academic programs	52,921,303			52,921,303
Academic support	17,865,545			17,865,545
Student services	26,481,621			26,481,621
Library	17,894,102			17,894,102
Research and public programs	9,742,843			9,742,843
Administrative and general	30,900,979			30,900,979
Academic prizes, fellowships and awards	1,315,220			1,315,220
Unrealized loss and net settlement on interest rate swap	4,011,072			4,011,072
Auxiliary activities	28,234,412			28,234,412
Other	10,324,209			10,324,209
Total expenditures and other deductions	199,691,306			199,691,306
Increase in net assets	33,859,942	18,750,276	11,098,554	63,708,772
Net assets, beginning of year	963,152,171	1,429,276,449	489,278,055	2,881,706,675
Net assets, end of year	\$997,012,113	\$1,448,026,725	\$500,376,609	\$2,945,415,447

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

Statement of Cash Flows

for the year ended June 30, 2015

	Amherst College	Folger Shakespeare Memorial Library	Total
Cash flows from operating activities			
Increase in net assets	\$58,304,534	\$5,404,238	\$63,708,772
Adjustments to reconcile increase in net assets to net cash used in operating activities:			
Depreciation	16,119,238	782,538	16,901,776
Unrealized loss on investments	53,874,470	8,408,840	62,283,310
Change in net value of life income obligations	588,897	16,851	605,748
Unrealized loss on interest rate swap agreement	1,785,818		1,785,818
Change in beneficial interest in perpetual trusts	601,355		601,355
Realized gain on investments, net	(149,867,191)	(21,910,906)	(171,778,097)
Contributions to endowment	(10,240,518)	(176,098)	(10,416,616)
Contributions to life income agreements	(488,980)		(488,980)
Contributions to plant	(11,342,914)	(25)	(11,342,939)
Receipt of contributed securities	(10,676,244)	(125,425)	(10,801,669)
Sale of contributed securities	11,808,356	125,425	11,933,781
Change in bond discount	105,188		105,188
(Increase) decrease in assets:			
Accounts receivable, net	1,192,186	(341,111)	851,075
Contributions receivable	5,175,517	(42,717)	5,132,800
Other assets	274,562	(6,040)	268,522
Increase (decrease) in liabilities:			
Accounts payable	823,738	(486,973)	336,765
Accrued liabilities	(369,040)	119,612	(249,428)
Deferred income and deposits	(352,589)	(235,854)	(588,443)
Liability for life income obligations	(2,364,044)	41,037	(2,323,007)
Pension and postretirement benefit obligations	(3,827,960)	505,016	(3,322,944)
Asset retirement obligations	104,728	5,385	110,113
Other liabilities	(58,850)	24,894	(33,956)
Net cash used in operating activities	(38,829,743)	(7,891,313)	(46,721,056)
Cash flows from investing activities			
Purchases of plant and equipment, net	(35,701,667)	(1,655,800)	(37,357,467)
Net change in student loans receivable	303,750		303,750
Purchases of investments	(492,859,209)	(63,352,515)	(556,211,724)
Proceeds from sales and maturities of investments	647,178,781	71,377,658	718,556,439
Net cash provided by investing activities	118,921,655	6,369,343	125,290,998

Statement of Cash Flows

(continued)

	Amherst College	Folger Shakespeare Memorial Library	Total
Cash flows from financing activities			
Contributions to plant	11,342,914	25	11,342,939
Contributions to life income agreements	488,980		488,980
Contributions to endowment	10,240,518	176,098	10,416,616
Payments to beneficiaries under split interest agreements	(4,754,612)	(43,325)	(4,797,937)
Decrease in government grants refundable	(670,615)		(670,615)
Proceeds from sale of contributed securities for long-term investment	324,986		324,986
Payments on long-term debt/line of credit	(7,035,000)		(7,035,000)
Net cash provided by financing activities	9,937,171	132,798	10,069,969
Net change in cash and cash equivalents	90,029,083	(1,389,172)	88,639,911
Cash and cash equivalents, beginning of year	42,309,373	2,691,884	45,001,257
Cash and cash equivalents, end of year	<u>\$132,338,456</u>	<u>\$1,302,712</u>	<u>\$133,641,168</u>
Supplemental data			
Interest and net swap settlements paid	\$ 12,693,249		\$12,693,249
Gifts in kind	1,161,843		1,161,843
Purchases of plant and equipment included in accounts payable	5,313,292		5,313,292
Contributed securities	\$ 10,676,244	\$ 125,425	\$ 10,801,669

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

Notes to Financial Statements

1. Accounting Policies

ORGANIZATION

The Trustees of Amherst College (the “Institution”) include the activities of Amherst College (the “College”) and Folger Shakespeare Memorial Library (the “Library”). The College is an academically rigorous, residential, full-time, private, nonsectarian institution of higher education committed to the liberal education of young men and women. The Library is a center for advanced research in Shakespeare and the early modern period. It also sponsors a rich and varied season of cultural, educational and academic programs and is the home of *The Shakespeare Quarterly*.

In accordance with the terms of the wills of Henry Clay Folger, Class of 1879, and his wife, Emily Jordan Folger, the Institution established the Folger Shakespeare Memorial Library. The original gift to establish the Library provides that 25% of the Folger Fund annual investment income up to a maximum of \$226,000 is to be distributed for the general operations of the College. The maximum was distributed in fiscal year 2015.

The Institution qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

The Institution owns 100% of the common stock of Amherst Inn Company (the “Company”). The Company has been consolidated in the Institution’s financial statements.

In November 2011, the Company closed a transaction with two financial institutions (the “HTC Investors”) related to the historic rehabilitation of the Lord Jeffery Inn (the “Project”). The Project, completed in 2011, helps to ensure the preservation and protection of a historic structure through the restoration of the historic interior and exterior of the Lord Jeffery Inn. Because the Company may not have been able to take full advantage of available historic tax credits, the Company entered into a venture with the HTC Investors for this Project. The HTC Investors agreed to contribute an aggregate of approximately \$2.8 million to the project in four installments from the closing date in 2011 through expiration of the historical tax credit recapture period in 2016, subject to the Company’s achievement of certain conditions that include its compliance with applicable federal regulations. Since the last Qualified Rehabilitation Expenditure was ultimately placed in service in fiscal year 2013, the put option period was extended to fiscal year 2018. As of June 30, 2015, the HTC Investors have paid \$2.8 million for these credits; however, since the payment is subject to recapture if certain conditions are not met, 20%, or approximately \$0.5 million, of this contribution has been included in Other Liabilities in the consolidated balance sheet. In exchange for their contributions, the HTC Investors will receive substantially all of the benefits derived from the tax credits.

BASIS OF PRESENTATION

The financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues, gains and expenses recognized during the reporting period. Actual results could differ from those estimates. The Institution’s significant estimates include the fair value of its alternative investments, reserves for contributions, student loans and accounts receivable, retirement and postretirement benefit obligations, asset retirement obligations, and its liability for life income obligations.

The classifications of net assets and revenues, expenses, gains, and losses are determined by the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined as follows:

Permanently Restricted—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Institution. Generally, the donors of these assets permit the Insti-

tution to use all or part of the income earned on these assets. Such assets primarily include the Institution's permanent endowment funds.

Temporarily Restricted—Net assets whose use by the Institution is subject to donor-imposed stipulations that can be fulfilled by actions of the Institution or that expire by the passage of time. Realized and unrealized gains and losses on permanently and temporarily restricted donor funds are recorded as temporarily restricted net assets in accordance with Massachusetts law.

Unrestricted—Net assets that are not subject to donor-imposed stipulations. Net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Contributions are reported as increases in the applicable category of net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in the applicable category of unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Revenues from other sources are generally reported as increases in unrestricted net assets. Expirations of temporary restrictions recognized on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

Contributions, including unconditional promises to give, are recognized as revenues in the period the commitment is received. Contributions received with donor imposed restrictions are reported as permanently or temporarily restricted revenues depending upon the specific restriction. 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 contribution revenue. 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. Grant revenue from exchange contracts is recognized in the period in which the grant expenditures are incurred.

INTERPRETATION OF RELEVANT LAW

Absent explicit donor stipulations to the contrary, The Board of Trustees of the Institution has interpreted Massachusetts' Uniform Prudent Management of Institutional Funds Act ("UPMIFA") statute, which was enacted in July 2009, and related Commonwealth of Massachusetts Attorney General guidance to require the preservation of donor-restricted endowment funds at their fair value measured on the date of the gift. As a result of this interpretation, the Institution classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Institution in a manner consistent with the standard of prudence prescribed by UPMIFA.

INVESTMENTS

The Institution has established a diversified investment portfolio in accordance with the investment strategy determined by the Investment Committee of the Board of Trustees.

Investments are recorded at fair value. The values of publicly traded fixed income and equity securities are based upon quoted market prices at the close of business on the last day of the fiscal year. Investments in units of non-publicly traded pooled funds are valued at the unit value determined by the fund's administrator based on quoted market values of the underlying

securities. Private equities and certain other nonmarketable securities, including alternative investments, are valued using current estimates of fair value based upon the net asset value of the funds determined by the general partner or investment manager for the respective funds. Because alternative investments are not readily marketable, the estimated fair value is subject to uncertainty and may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material. The Institution's alternative investments include venture capital funds, private equity funds and investments in real estate and natural resources. These alternative investments represented approximately 31% of the Institution's investments at June 30, 2015.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect investment balances and results included in the financial statements.

Under the terms of certain limited partnership agreements that represent venture capital, private equity, real estate and oil and gas investments, the Institution is obligated to remit additional funding periodically as capital calls are exercised.

Purchases and sales of investments are recorded on the trade date of the transaction. Realized investment gains and losses are recorded based on the average cost method for all investments except where specific identification is required by tax law.

DERIVATIVE FINANCIAL INSTRUMENTS

The Institution's investment policies allow for the use of derivative financial instruments to manage currency exchange and interest rate risks arising from investments in nonderivative assets in proportion to the assets at risk. Such instruments consist of forward foreign exchange and interest rate futures contracts entered into as part of the investments of the Institution.

The College utilizes swap agreements to moderate its exposure to interest rate risk on certain bond issuances. (See Note 6)

The Institution also has investments which participate directly, or have the option to participate in, derivative financial instruments. These investments represent 32% of the Institution's total consolidated endowment funds. Derivatives held by investments in which the Institution invests pose no off balance sheet risk to the Institution due to the limited liability structure of the investment.

BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Beneficial interest in perpetual trusts represent resources neither in the possession of nor under the control of the Institution, but held and administered by outside fiscal agents, with the College deriving income from such funds. The trusts are recorded at their respective fair values, which are reported periodically to the College by the outside fiscal agent.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. The cost of collections at the College are expensed as incurred.

The Institution capitalizes the cost of construction and major improvements to buildings, and purchases of equipment, and library books. Depreciation is calculated on a straight line basis over the estimated useful life of the asset. Purchases for the Library's collections are recorded at cost. The collections are reduced by the proceeds from a sale, resulting in the recognition of no gain or loss. Sales are not significant. (See Note 11)

CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments with a maturity of three months or less at the time of purchase. Cash and cash equivalents representing assets of endowment and

similar funds and life income funds are included in long-term investments. Cash equivalents are recorded at cost which approximates fair value.

SHORT TERM INVESTMENTS

Short term investments are comprised of equity securities received as gifts and identified for liquidation by the Institution, as well as funds identified for specific capital projects expected to be liquidated in the short term.

LIFE INCOME OBLIGATIONS

Life income obligations result from annuity and life income agreements which are irrevocable charitable remainder agreements. The assets held for these agreements are reported as part of the Institution's investments at their fair value. The College records contribution revenue for the gift net of the liability calculated as the present value of the estimated future payments to be made to the beneficiaries. The liability has been determined using discount rates ranging from 2.0% to 6.9% dependent upon the year in which the agreement was entered. The obligation is adjusted during the term of the agreement for changes in the value of the assets, amortization of the discount and other changes in the estimates of future benefits.

ASSET RETIREMENT OBLIGATIONS

An asset retirement obligation ("ARO") is a legal obligation associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the College records period-to-period changes in the ARO liability resulting from the passage of time or revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The College reduces ARO liabilities when the related obligations are settled.

UNCERTAIN TAX POSITIONS

The Institution is generally exempt from federal and state income taxes. Management performs an annual review for uncertain tax positions along with any related interest and penalties and believes that the Institution has no uncertain tax positions that would have a material adverse effect, individually or in the aggregate, upon the Institution's balance sheet, or the related statements of activities, or cash flows.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2015, the Financial Accounting Standards Board issued ASU 2015-07, *Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, in regard to Topic 820, Fair Value Measurement. The ASU removes the requirement to categorize within the fair value hierarchy investments eligible to be valued using the net asset value (NAV) per share practical expedient. In essence, this amendment results in the Institution disclosing the majority of its investments as valued by NAV and thus removing the classification of Level 2 or Level 3 and their required disclosures. This update is required for fiscal periods beginning after December 31, 2016, however, early adoption is permitted and was elected by the Institution. See Note 2 for additional information.

2. Investments

The Institution records its investments at fair value. Fair value is the amount that would be received when selling an asset or paying to transfer a liability in an orderly transaction between market participants at the measurement date. The degree of judgment utilized in developing those assumptions generally correlate to the level of pricing observability. The availability of observable inputs can vary among financial assets and liabilities.

For investments, fair value is affected by a wide variety of factors including, the type of investment, whether the investment is new and not yet established in the market place and other characteristics particular to the investment. The inputs used for valuing investments are not necessarily an indication of the risk associated with investing in those securities.

The Institution's investments have been categorized based upon a fair value hierarchy comprised of the following three broad levels:

Level 1: Valuations based on observable inputs that reflect quoted prices in active markets for identical assets and liabilities. Assets and liabilities utilizing Level 1 inputs include exchange traded securities, short term money market funds and actively-traded obligations issued by the U.S. Treasury.

Level 2: Valuations based upon quoted prices for identical or similar assets or liabilities in markets that are less active or other significant market-based inputs which are observable, either directly or indirectly.

Level 3: Valuations based on unobservable inputs that are significant to determining an overall fair value measurement. Assets and liabilities utilizing Level 3 inputs include real estate partnerships, private equity investments, and other illiquid securities with little, if any, market activity. Valuation of these instruments entails a significant degree of estimation and judgment. The investments of the Institution classified as Level 3 are perpetual trusts where the College has been named a beneficiary and certain investments held in custody by TIAA-CREF and further disclosed in Note 9.

In accordance with ASU 2015-07, *Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, the Institution has displayed those investments valued at net asset value outside of the leveling table.

The comparison of fair value and cost for investments in accordance with the fair value hierarchy was as follows as of June 30, 2015:

College

Fair Value Measurements as of June 30, 2015

Description	Level 1	Level 2	Level 3	Total	Cost
Financial Assets					
Cash and equivalents	\$86,361,470			\$86,361,470	\$86,361,470
Due to broker	(958,583)			(958,583)	(958,583)
Domestic equities	143,248,578			143,248,578	112,091,148
Global equities				0	0
Foreign equities	13,159,988			13,159,988	13,591,391
Private equities				0	0
Fixed income	48,940,773			48,940,773	49,364,837
Absolute return	89,868,516			89,868,516	77,823,907
Real estate and natural resources				0	0
Other investments	92,032			92,032	108,867
Investments valued at net asset value				2,104,002,087	1,562,452,850
Total Investments	380,712,774	0	0	2,484,714,861	1,900,835,887
Beneficial interest in perpetual trusts		\$16,796,038		16,796,038	16,782,366
Total Financial Assets	\$380,712,774	\$16,796,038	\$0	\$2,501,510,899	\$1,917,618,253

As of June 30, 2015, the College had interest rate swaps with a fair value liability of \$13,824,154, which were valued using significant other observable inputs (Level 2).

Library

Fair Value Measurements as of June 30, 2015

Description	Level 1	Level 2	Level 3	Total	Cost
Financial Assets					
Cash and equivalents	\$10,892,720			\$10,892,720	\$10,892,720
Due to broker	(127,261)			(127,261)	(127,261)
Domestic equities	19,142,560			19,142,560	13,855,159
Global equities					
Foreign equities	1,764,017			1,764,017	1,726,304
Private equities				0	
Fixed income	5,520,384			5,520,384	5,293,233
Absolute return	12,046,335			12,046,335	9,884,767
Real estate and natural resources				0	
Other investments	149,125			149,125	161,276
Investments valued at net asset value				282,869,280	199,134,193
Total Investments	\$49,387,880	\$0	\$0	\$332,257,160	\$240,820,391

There were no transfers between levels during fiscal year 2015.

The Institution's Investments as of June 30, 2015 are comprised of the following:

College

	2015	2014	Change
Endowment assets	\$2,193,510,735	\$2,149,202,662	\$ 44,308,073
Other assets invested	203,270,960	299,906,712	(96,635,752)
Life income assets	87,933,166	89,502,862	(1,569,696)
Total	\$2,484,714,861	\$2,538,612,236	\$(53,897,375)

Library

	2015	2014	Change
Endowment assets	\$328,846,003	\$323,503,515	\$5,342,488
Other assets invested	2,407,627	2,246,718	160,909
Life income assets	1,003,530	986,679	16,851
Total	\$332,257,160	\$326,736,912	\$5,520,248

The Institution's major investment categories are comprised of the following:

DOMESTIC EQUITIES

The Domestic Equities category includes investments in separate accounts and institutional commingled funds that invest primarily in the equity securities of U.S. domiciled corporations. Fund managers generally hold long portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality. The fair values of the investments in this category are estimated using the net asset value (NAV) per share of the fund, or in the case of the majority of these assets where the securities are directly owned in a separate account, they are recorded at the market value of the underlying securities at the close of business.

GLOBAL EQUITIES

The Global Equities category includes investments in institutional commingled funds that invest primarily in the equity securities of both U.S. domiciled and foreign corporations. Fund managers generally hold long portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and

relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality. The fair values of the investments in this category are estimated using the net asset value (NAV) per share of the funds.

FOREIGN EQUITIES

The Foreign Equities category includes investments in institutional commingled funds that invest primarily in the equity securities of non-U.S. domiciled corporations. Fund managers generally hold long portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality. The fair values of the investments in this category are estimated using the net asset value (NAV) per share of the funds.

PRIVATE EQUITIES

The Private Equities category includes investments in limited partnerships that invest primarily in unlisted, non-public U.S. and non-U.S. domiciled companies. Private Equity includes venture capital (early-stage) and buyout (later-stage) investments. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, uniqueness of market and product, strategic advantage, corporate management quality, financial conditions and financing requirements, and anticipated exit strategies. These investments are generally illiquid, with partnership commitment terms of often at least ten years. The fair values of the investments in this category are estimated using the General Partner's valuation of investments, generally equal to or based upon the reported capital account or net asset value (NAV) of the underlying investee funds.

FIXED INCOME

The Fixed Income category includes investments in separate accounts and commingled funds that invest primarily in the debt securities of U.S. domiciled corporations. Fund managers hold long and short portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, duration, convexity, liquidity, credit risk, term structures, and strategic advantage. Liquidity for these funds is provided daily. The fair values of the investments in this category are estimated using the net asset value (NAV) per share of the funds or in the case of the separate accounts where the securities are directly owned, they are recorded at the market value of the underlying securities at the close of business.

ABSOLUTE RETURN

The Absolute Return category includes investments in commingled funds that invest primarily in the equity, debt, and derivative securities of U.S. and non-U.S. domiciled corporations. Fund managers hold long and short portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality. The fund managers may also invest in securities related to interest rates, exchange rates, and privately held assets. The fair values of the investments in this category are estimated using the net asset value (NAV) per share of the funds.

REAL ESTATE AND NATURAL RESOURCES

The Real Estate and Natural Resources category includes investments in limited partnerships that invest primarily in unlisted, non-public U.S. and non-U.S. real estate, timber, and oil and gas assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, uniqueness of market and product, strategic advantage, corporate management quality, financial conditions and financing requirements, and anticipated exit strategies. These investments are generally illiquid, with

partnership commitment terms of often at least ten years. The fair values of the investments in this category are estimated using the General Partner's valuation of investments, generally equal to or based upon the reported capital account or net asset value (NAV) of the underlying investee funds.

OTHER

The Other category includes investments in separate account and general partnership funds that have been or are currently being liquidated.

The unfunded commitment and redemption frequencies of the Institution's investment categories as of June 30, 2015 were as follows:

Institution		
Investment Strategy	Unfunded Commitments	Notice Period and Redemption Frequency
Domestic equities		No notice period to 60 days; immediate to annual redemption
Global equities		30 day notice; between quarterly and five year redemption
Foreign equities		6–90 day notice; between monthly and five year redemption
Private equities	\$254,379,000	Not redeemable
Fixed income	23,000,000	No notice period; between immediate and not redeemable
Absolute return		Daily–180 day notice; between daily and five year redemption
Real estate and natural resources	86,649,000	Not redeemable
	<u>\$364,028,000</u>	

The investments in domestic equities do not possess a defined liquidation period. These investments can be liquidated as deemed appropriate by the Institution. The Institution is unable to redeem its investments in private equities and real estate and natural resources, until the underlying partnerships are dissolved and the funds closed, although the Institution would have the ability to liquidate these partnerships through a negotiated transaction in the secondary market. Investments in private equities and real estate and natural resources, have remaining durations from one to fifteen years as of June 30, 2015. Lockup periods on the investment strategies above range from thirty days through five years.

The rollforward of the Level 3 total financial assets for the Institution as of June 30, 2015 is as follows:

Institution						
Fair Value Measurements Using Significant Unobservable Inputs (Level 3)						
Investment Category	Beginning Balance	Net Unrealized Loss	Purchases and Issuances	Sales and Settlements	Net Transfers In (Out) of Level 3	Ending Balance
Perpetual trusts	17,397,393	(601,355)				16,796,038

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Institution has adopted a spending policy that is calculated as a percentage of the average market value of the endowment for the three previous years. This allows for the smoothing of growth and decline in endowment fair values. Specifically, the formula used to set the amount of annual spending increases the prior year's distribution by a factor equal to inflation plus the percentage growth in the endowment from prior year capital gifts. This amount is compared to the budgetary needs of the Institution and is increased, if possible, to reflect the use of market growth over time. The calculated amount is also evaluated as a percentage of the endowment's market value and the growth portion of the formula would be held to a rate at or below in-

flation if the spending rate were to continue to exceed 5.0% over time. It is expected that over time the rate will range between 3.5% and 5.0% of the average market value of the endowment for the three previous years—higher in years of market decline and lower in years of market growth.

The Institution has adopted investment policies for its endowment assets that seek to ensure that current and future spending requirements are supported, while also preserving the endowment fund in perpetuity. Endowment assets include those assets that have been restricted by the donor or designated by the Trustees and are invested to provide future revenue to support the Institution's activities. Under the Institution's investment policy, as approved by the Committee on Investment of the Board of Trustees, an asset allocation or strategic policy portfolio is developed based on long-term return, risk and correlation assumptions that seek to balance the need for liquidity, preservation of purchasing power, and risk tolerance. The Institution uses two benchmarks to assess aggregate performance:

- Simple Market Benchmark—serves to help evaluate the value added from asset allocation in creating a well-diversified investment program versus a non-diversified market index. This benchmark consists of: 60% S&P 500 Index and 40% Barclays Aggregate Bond Index.
- Strategic Policy Portfolio Benchmark—serves to evaluate the impact of manager selection and active management versus passive management. This benchmark is a weighted average return derived by applying the target policy weights of each asset class to the performance of the respective asset class benchmarks.

The Institution expects its endowment funds, over time, to provide an average real rate of return of approximately 3.5% percent annually (or a nominal annual rate of return of approximately 6.0%). The investments in the Institution's endowment portfolio involve various risks, and actual returns in any given year may vary from this anticipated long-term average annual rate of return.

To satisfy its long-term return objectives, the Institution 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 Institution has established a strategic policy portfolio that is diversified across asset classes.

3. Endowment and Similar Funds

Included in unrestricted, temporarily restricted, and permanently restricted net assets are the College's and Library's endowment and similar funds and life income funds.

Endowment and similar funds is a commonly used term to refer to the resources that have been restricted by the donor or designated by the Trustees that will be invested to provide future revenue to support the Institution's activities. Included in endowment are funds which were not restricted by the donor and, accordingly, are unrestricted net assets of the Institution.

Included in Endowment are the Consolidated Endowment Funds for both the College and the Library and separately invested endowment funds. The fair value of the Amherst College Consolidated Endowment Fund as of June 30, 2015 was \$2,192,485,735 with a per share fair value of \$25.17 (\$24.82 at June 30, 2014). The fair value of the separately invested endowment funds as of June 30, 2015 was \$1,024,997. The fair value of the Folger Fund as of June 30, 2015 was \$328,846,004 with a per share fair value of \$38.09 (\$37.45 at June 30, 2014). The total endowment shares in the Amherst College Consolidated Endowment Fund as of June 30, 2015 were 87,107,041. The total endowment shares in the Folger Fund as of June 30, 2015 were 8,633,751.

Net assets of life income funds represent the difference between the investment assets of the funds and the estimated liability for the obligation to beneficiaries.

Net assets included the following endowment and similar funds at June 30, 2015:

College				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds				
Endowment				
Income unrestricted	\$ 8,724,369	\$ 168,784,428	\$ 167,009,282	\$ 344,518,079
Income restricted	13,398,099	930,947,699	268,124,524	1,212,470,322
Quasi-endowment				
Income unrestricted	456,847,115			456,847,115
Income designated	106,247,109			106,247,109
Appropriated for spending	73,428,110			73,428,110
	<u>\$658,644,802</u>	<u>\$1,099,732,127</u>	<u>\$435,133,806</u>	<u>\$2,193,510,735</u>
Life income funds				
Income		\$4,083,646	\$708,694	\$4,792,340
Balanced		3,232,097	1,725,479	4,957,576
Annuity		2,337,092	2,551,931	4,889,023
Unitrusts		17,154,379	12,982,400	30,136,779
		<u>\$ 26,807,214</u>	<u>\$ 17,968,504</u>	<u>\$ 44,775,718</u>
Library				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds				
Endowment				
Income unrestricted		\$ 219,975,031	\$ 5,944,903	\$ 225,919,934
Income restricted	\$ 2,916,599	55,586,625	18,975,890	77,479,114
Quasi-endowment				
Income unrestricted	12,867,185			12,867,185
Income designated	10,709,570			10,709,570
Appropriated for spending	1,870,200			1,870,200
	<u>\$28,363,554</u>	<u>\$275,561,656</u>	<u>\$24,920,793</u>	<u>\$328,846,003</u>
Life Income Funds		<u>\$ 305,002</u>	<u>\$ 121,212</u>	<u>\$ 426,214</u>

The activity of the endowment and similar funds net assets for the College and Library for the year ended June 30, 2015 is as follows:

College				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 647,589,569	\$ 1,078,190,907	\$ 423,422,186	\$ 2,149,202,662
Investment return:				
Investment income	480,393		1,023,720	1,504,113
Net realized and unrealized appreciation (depreciation)	37,854,236	88,540,659	(47,756)	126,347,139
Total investment return	38,334,629	88,540,659	975,964	127,851,252
Contributions	1,595,726	1,262,215	7,382,577	10,240,518
Appropriation of endowment return for expenditure	(27,924,865)	(68,261,654)		(96,186,519)
Other changes	(950,257)		3,353,079	2,402,822
Endowment net assets, end of year	<u>\$658,644,802</u>	<u>\$1,099,732,127</u>	<u>\$435,133,806</u>	<u>\$2,193,510,735</u>

Library				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 28,232,931	\$270,527,028	\$ 24,743,556	\$ 323,503,515
Investment return:				
Investment income	103,888	10,775		114,663
Net realized and unrealized appreciation	1,376,783	15,916,781		17,293,564
Total investment return	1,480,671	15,927,556		17,408,227
Contributions	205	1,000	174,893	176,098
Appropriation of endowment return for expenditure	(1,012,686)	(10,886,842)		(11,899,528)
Other changes	(337,567)	(7,086)	2,344	(342,309)
Endowment net assets, end of year	<u>\$28,363,554</u>	<u>\$275,561,656</u>	<u>\$24,920,793</u>	<u>\$328,846,003</u>

TOTAL RETURN DISTRIBUTION ON INVESTMENTS

The Institution adds interest and dividends earned on the College's investments and the Folger Fund, which represent approximately 99% of the investments of its endowments and similar funds, to the income allocation pools from which returns are distributed to the respective funds at a predetermined, per share rate set annually by the Board of Trustees. The Institution's spending is determined on a total return basis. The total amount distributed for spending in 2015 was \$95,610,647 for the College and \$12,072,563 for the Library. In addition, investment manager fees and expenses, which include the general partners' share of gains in limited partnerships, were distributed from this pool and were \$31,749,265 for the College and \$3,918,240 for the Library. Interest and dividend income earned in 2015 by the Funds was \$31,173,393 and \$4,091,275 for the College and Library, respectively. The amount distributed in excess of interest and dividend income earned was provided by transferring realized gains from the Institution's investment pools of \$96,186,519 for the College and \$11,899,528 for the Library.

In accordance with UPMIFA statutes, the Institution considers the following factors in making a determination to appropriate or accumulate endowment funds:

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

4. Contributions

Contributions receivable, net, are summarized as follows at June 30, 2015:

	College	Library
Unconditional promises expected to be collected within:		
One year	\$ 3,536,887	\$ 172,596
Two to five years	10,616,631	
Over five years	15,064,811	
	<u>29,218,329</u>	<u>172,596</u>
Less: Unamortized discount and allowance for uncollectible accounts	<u>(4,866,381)</u>	
	<u>\$24,351,948</u>	<u>\$172,596</u>

At June 30, 2015 the College had also received conditional promises to give of \$5,650,000. These conditional promises will not be recognized as assets until the conditions are substantially met. They are generally restricted for specific purposes stipulated by donors, primarily endowments for faculty support, scholarships, buildings and improvements or general operating support.

5. Property, Plant and Equipment

Property, plant and equipment as of June 30, 2015 consisted of the following:

	Useful Life	College	Library
Land		\$ 8,552,404	\$ 908,397
Land improvements	10	22,634,862	
Buildings and improvements	50	457,069,600	31,120,798
Faculty residences	30	14,333,150	
Equipment	5–10	70,534,777	4,730,760
Library books	10	33,004,399	
Folger collection			23,212,386
		<u>606,129,192</u>	<u>59,972,341</u>
Less: Accumulated depreciation		<u>(241,244,900)</u>	<u>(16,700,743)</u>
		364,884,292	43,271,598
Construction in progress		33,792,059	
		<u>\$398,676,351</u>	<u>\$43,271,598</u>

In fiscal year 2015 depreciation of these assets amounted to \$16,119,238 for the College and \$782,538 for the Library.

6. Bonds Payable

The Institution has financed the cost of constructing and renovating various College facilities through the issuance of Massachusetts Development Finance Agency (the “Agency” or “MDFA”) bonds. The Institution issued taxable bonds in fiscal year 2009 for working capital and other eligible purposes and in fiscal year 2013 issued taxable bonds to finance certain capital projects and other eligible purposes.

The College's fiscal year 2015 debt service and bonds payable as of June 30, 2015 were as follows:

MDFA Series/ Taxable Bonds	Final Year of Maturity	Interest Rates	2015 Debt Service	Bonds Payable
F	2026	Variable, (0.02%–0.12% in 2014–2015)	\$ 2,112,300	\$ 29,400,000
H	2033	Variable, (0.80%–1.00% in 2014–2015)	791,960	39,425,000
I	2028	Variable, (0.02%–0.12% in 2014–2015)	312,051	29,400,000
J-1	2035	Variable, (0.02%–0.12% in 2014–2015)	12,255	30,000,000
J-2	2035	Variable, (0.01%–0.13% in 2014–2015)	5,836	20,000,000
K-1	2021	Fixed, (4.00%–5.00%)	719,583	4,390,000
K-2	2038	Variable, (1.70% in 2014–2015)	2,086,888	46,150,000
Taxable Bonds, Series 2009A	2039	Fixed, 5.875%	5,875,000	100,000,000
Taxable Bonds, Series 2012A	2042	Fixed, (0.538%–3.794%)	5,417,571	95,300,000
Less bond discounts				(2,490,630)
			<u>\$17,333,444</u>	<u>\$391,574,370</u>

The issuance costs incurred in connection with the bonds are classified within Bonds Payable and are amortized on a straight line basis over the remaining period the bonds are outstanding.

The Series F bonds are a variable rate issue and a general obligation of the College. The average interest rate for fiscal year 2015 was 0.04% and the interest rate at June 30, 2015 was 0.07%.

The bonds are redeemable at par prior to maturity at the option of the Agency with the consent of the College.

The Series H bonds are a variable rate issue and a general obligation of the College. The average interest rate for fiscal year 2015 was 0.86% and the interest rate at June 30, 2015 was 0.80%. The bonds are subject to optional redemption at par plus accrued interest at the option of the College.

The Series I bonds are a variable rate issue and a general obligation of the College. The average interest rate for fiscal year 2015 was 0.04% and the interest rate at June 30, 2015 was 0.07%. The bonds are subject to optional redemption at par plus accrued interest at the option of the College.

The Series J bonds are a variable rate issue and a general obligation of the College. The interest rate on the issue averaged 0.04% for the Series J-1 bonds and 0.03% for the Series J-2 bonds for the fiscal year 2015. The interest rate was 0.07% for the Series J-1 bonds and 0.02% for the Series J-2 bonds at June 30, 2015. The bonds are subject to optional redemption at par plus accrued interest at the option of the College.

The Series K-1 bonds were issued at a fixed rate and are a general obligation of the College. The average interest rate on the issue was 4.04% for the year ended June 30, 2015. The Series K-2 bonds are a variable rate issue and a general obligation of the College. The average interest rate for fiscal year 2015 was 1.70% and the interest rate at June 30, 2015 was 1.70%. The proceeds were used for capital projects. The Series K-1 bonds maturing on or after November 1, 2018 are subject to optional redemption after that date, at the option of the Agency with the written consent of the College or at the written direction of the College. The Series K-2 bonds are not subject to optional redemption.

The Series 2009A taxable bonds were issued at a fixed rate and are a general obligation of the College. The proceeds of the bonds were used by the College for the payment of the issuance costs, working capital, and other eligible expenses. The bonds are subject to optional redemption at the discretion of the College with a make-whole provision.

The Series 2012A taxable bonds were issued at a fixed rate and are a general obligation of the College. The proceeds of the bonds were used by the College for the payment of the issuance costs, certain capital projects, and other eligible expenses. The bonds are subject to optional redemption at the discretion of the College with a make-whole provision.

In connection with the issuance of the Series I and Series J bonds, the College entered into interest rate swap agreements to moderate its exposure to interest rate changes. The swaps were not designated as cash flow hedges for the bonds. The interest rate swap agreements effectively change the interest rate exposure on the issues from a variable rate to a fixed rate of 3.07% for Series I and 3.13% for Series J. The interest rate swap agreements have a notional amount of \$79,400,000 as of June 30, 2015 and termination date equal to the maturity date of the respective bonds. On June 30, 2015, the fair value of the interest rate swap agreements was a liability of \$13,824,154 and was recorded on the balance sheet. The total change in the fair value of the liability from the prior year balance and the net settlements was \$4,011,072, which is a Level 2 fair value measurement, and is recorded in the College's statement of activities for the year ended June 30, 2015.

The principal payments on all of the Institution's bonds for the fiscal years 2016 through 2020 is \$7,210,000; \$7,390,000; \$7,580,000; \$7,775,000; and \$8,305,000, respectively. The combined principal payments thereafter approximates \$355,800,000.

The Series F, H, I, J and K-2 bonds are subject to tender by bondholders. As of June 30, 2015, the Series J-2 bonds are set to remarket in a daily mode, the Series F, I and J-1 bonds set in a weekly mode and Series H and K-2 in a term mode until December 2017 and November 2016, respectively.

If these bonds had been fully tendered as of June 30, 2015, or on their next remarketing date, the principal payments for fiscal years 2016 through 2020 would have been approximately, \$151,200,000; \$49,100,000; \$3,000,000; \$3,100,000 and \$2,500,000, respectively. The principal payments thereafter would have approximated \$185,200,000. The College has not experienced a failed remarketing of its bonds.

The fair value of the bonds payable at June 30, 2015 approximates \$420,000,000 and is a Level 2 fair value measurement.

7. Lines of Credit

The College has uncollateralized bank lines of credit for purposes of repurchasing its outstanding bonds if they are unable to be remarketed as of June 30, 2015 as follows:

Available Borrowing Capacity	Balance Outstanding	Interest Rate	Termination Date
\$75,000,000	\$0	LIBOR plus 1.00%	June 27, 2016

The College has uncollateralized bank lines of credit for operational purposes as of June 30, 2015 as follows:

Available Borrowing Capacity	Balance Outstanding	Interest Rate	Termination Date
\$37,500,000	\$0	LIBOR plus 0.30%	September 1, 2016
37,500,000	0	LIBOR plus 0.25%	October 31, 2016
\$25,000,000	\$0	LIBOR plus 0.25%	February 25, 2016

8. Pension Benefits

The Institution has defined contribution pension plans administered by TIAA-CREF for faculty, administrative and staff employees of the College, and for Library administrative and staff employees. Eligibility for the plans begins following two years of employment for individuals, unless they were previously enrolled in a qualifying plan, or had qualifying service in another institution within six months of employment with the College or Library, in which case they

would be immediately eligible. Contributions to the plans, based on a percentage of salaries, were \$6,179,130 for the College and \$481,967 for the Library for the year ended June 30, 2015.

The Institution has maintained a TIAA-CREF noncontributory, defined benefit pension plan for College staff employees who, prior to July 1, 1994, were not covered by the defined contribution plan, were at least twenty-one years of age, and had completed one year of service. All participants in this plan are fully vested as of June 30, 2015. Retirement benefits are calculated based on a percentage of final three-year average salary times the participant's years of service with a minimum benefit payable equal to \$50 per year times the number of years of credited service. Years of service for purposes of calculating the benefit accrual were frozen on June 30, 1994, when all active College employees began participating in the defined contribution plan. The defined benefit plan continues to provide prior service benefits for participants active at July 1, 1994, and supplemental benefits to certain long-term employees whose retirement benefit would have been negatively affected by the change.

The Institution has a TIAA-CREF noncontributory, defined benefit pension plan for Library employees who are not covered by the defined contribution plan, who are at least twenty-one years of age, and who have completed one year of service. An employee is fully vested after five years of participation in the plan. Retirement benefits are calculated based on a percentage of final three-year average salary times the participant's years of service with a minimum benefit payable equal to \$50 per year times the number of years of credited service.

Effective July 1, 2013, the Library Plan was amended to close the Plan to new participants, discontinue service accruals for participants less than the age of forty, and to determine the amount of offset attributable to participation in the defined contribution plan as the earlier of the employee's termination or retirement date.

For those who have participated in the defined contribution plans, benefits purchased by employer contributions will reduce the benefits from these defined benefit plans. This defined contribution offset benefit is the annual single life annuity retirement benefit commencing at the normal retirement date which is the actuarial equivalent of the defined contribution account balance using the applicable mortality and interest rates under the Internal Revenue Code.

The Institution contributes to each defined benefit pension plan an amount equal to the required minimum plan contribution as of the beginning of the plan year with interest to the date of payment. The Institution contributed \$844,712 to the College's Plan and \$95,624 to the Library's Plan in 2015.

The plan's accumulated benefit obligation at June 30, 2015 was approximately \$25,300,000 and \$3,300,000 for the College Plan and Library Plan, respectively. Net actuarial loss amortization of \$631,936 and \$55,405 is expected to be recognized in fiscal year 2016 for the College Plan and Library Plan, respectively. Amortization of prior service cost of \$5,391 is expected to be recognized in fiscal year 2016 for the Library Plan.

The following were the components of net periodic pension cost for the defined benefit pension plans for the fiscal year ended June 30, 2015:

	College Employee Plan	Library Employee Plan
Service cost	\$ 3,232	\$ 98,574
Interest cost	1,050,562	159,097
Expected return on plan assets	(1,392,212)	(165,430)
Amortization of unrecognized prior service cost		(5,391)
Amortization of net actuarial loss	671,507	58,468
Net periodic pension cost	<u>\$333,089</u>	<u>\$145,318</u>

The following is a summary of the projected benefit obligation, plan assets, and funded status of the defined pension plans as of June 30, 2015.

	College Employee Plan	Library Employee Plan
Change in projected benefit obligation:		
Projected benefit obligation, June 30, 2014	\$ 27,174,161	\$ 3,743,164
Decrease due to benefits paid	(1,228,673)	(124,576)
Increase due to employee service	3,232	98,574
Increase due to accrual of interest	1,050,562	159,097
Decrease due to changes in actuarial assumptions and other sources	(346,227)	(12,953)
Projected benefit obligation, June 30, 2015	<u>\$ 26,653,055</u>	<u>\$ 3,863,306</u>
Change in plan assets:		
Fair value of plan assets, June 30, 2014	\$ 18,717,326	\$ 2,206,764
Actual return	728,614	89,483
Employer contributions	844,712	95,624
Change in surrender charge	10,505	(258)
Benefits paid	(1,228,673)	(124,576)
Fair value of plan assets, June 30, 2015	<u>\$ 19,072,484</u>	<u>\$ 2,267,037</u>
Funded status:		
Projected benefit obligation	\$(26,653,055)	\$(3,863,306)
Fair value of plan assets	19,072,484	2,267,037
Funded status	<u>\$ (7,580,571)</u>	<u>\$ (1,596,269)</u>
Cumulative Net Actuarial Loss:		
Cumulative net actuarial loss, June 30, 2014	\$ 7,263,916	\$ 763,840
Amortization	(671,507)	(58,468)
Net loss	306,866	63,252
Cumulative net actuarial loss, June 30, 2015	<u>\$ 6,899,275</u>	<u>\$ 768,624</u>

Defined benefit plan assets consist of Deposit Administration Group Annuity Contracts with Teachers Insurance and Annuity Association and College Retirement Equities Fund.

The discount rates used in determining benefit obligations as of June 30, 2015 were 4.05% for the College Employee Plan and 4.34% for the Library Employee Plan. The rate of compensation increase used in determining benefit obligations and the net periodic pension cost was 3.00% for the College Employee plan and 2.50% for the Library Employee Plan. The discount rates used in determining the net periodic pension cost were 3.97% for the College Employee Plan and 4.26% for the Library Employee Plan. The long-term expected rate of return was 7.50% for both plans.

The expected long-term rate of return on plan assets is determined by reviewing historical returns, taking into account current asset diversification between equity and fixed income investments. Current market factors such as inflation and interest rates are evaluated.

The asset allocations at June 30, 2015 of the defined benefit plans were as follows:

	College Employee Plan		Library Employee Plan	
Equity securities	\$ 13,361,581	70%	\$ 1,300,618	57%
Fixed income	5,710,903	30%	966,419	43%
Total	<u>\$19,072,484</u>	<u>100%</u>	<u>\$2,267,037</u>	<u>100%</u>

The defined benefit plans' assets are valued using the same fair value hierarchy as the Institution's investments as described in note 2, Investments.

The following table summarizes the Institution's fair values of investments by major type held by the defined benefit plans at June 30, 2015:

College Employee Plan			
	Level 1	Level 2	Level 3
Equity securities		\$ 13,361,581	
Fixed income			\$ 5,710,903
Total		\$13,361,581	\$5,710,903

Library Employee Plan			
	Level 1	Level 2	Level 3
Equity securities		\$ 1,300,618	
Fixed income			\$ 966,419
Total		\$1,300,618	\$966,419

The reconciliation of Level 3 total investments for the defined benefit plans as of June 30, 2015 is as follows:

Level 3 Fair Value Measurements			
	College Employee Plan	Library Employee Plan	Total
Beginning balance	\$6,032,055	\$955,455	\$6,987,510
Contributions	675,480		675,480
Interest income	221,536	49,309	270,845
Sales, net	(1,218,168)	(38,345)	(1,256,513)
Total	\$5,710,903	\$966,419	\$6,677,322

The equity securities account seeks a favorable long-term return through both appreciation of capital and investment income by investing primarily in a broadly diversified portfolio of common stocks. The account is divided into three segments. One segment is designed to track U.S. equity markets and invests in the Russell 3000 Index. Another segment contains stocks that are selected for their investment potential and the third segment invests in foreign stocks and other equity securities.

The fixed income account guarantees both principal and a specified interest rate. The account seeks to achieve the highest rate of return over long periods of time, within reasonable risk measures. Investments are held in funds which invest in publicly traded bonds, loans to business and industry, commercial mortgages and income producing real estate.

The Institution expects the 2016 contribution to be reasonably consistent with the current year. The following benefit payments, which reflect expected future service, are expected to be paid:

	College Employee Plan	Library Employee Plan
2016	\$ 1,385,000	\$ 128,000
2017	1,394,000	133,000
2018	1,435,000	138,000
2019	1,487,000	149,000
2020	1,533,000	167,000
2021–2025	8,224,000	1,015,000
Total	\$15,458,000	\$1,730,000

The Institution offers a Phased Retirement Program to faculty of the College. Faculty members may enter the program at any time between age 60 and 65. Upon entering the program, faculty members receive a reduced salary. Participants also receive stipends for part-time work which they can continue until age 70 when they fully retire. The Institution has recorded a liability for this program of \$1,264,612 as of June 30, 2015. This program is funded on a cash basis as benefits are paid.

9. Other Postretirement Benefits

The Institution provides a defined benefit health insurance plan to eligible College employees employed before July 1, 2003 who have met certain age and service criteria. The Institution also provides a defined benefit health insurance plan to eligible Library employees and their dependents who have met certain age and service criteria. The Institution funds these plans on a cash basis as benefits are paid.

The Institution provides a defined contribution health program for the College employees that do not qualify for the defined benefit plan described above. Under this plan, each year eligible participants (regular, benefited employees) are entitled to a contribution based on 66.7% of the College's Medicare supplemental insurance cost and interest that is credited to a notional account. Eligibility for contributions begins at age 40 for a maximum of 25 years and vesting requires 10 years of service after the age of 40 and attainment of age 62 when retiring from the College.

As of June 30, 2015 a \$40,638,495 and \$6,177,548 postretirement benefit obligation liability is recorded for the College and Library, respectively.

The components of net periodic postretirement benefit cost for the Institution's plans as of June 30, 2015 were as follows:

	College Employee Plan	Library Employee Plan
Service cost	\$ 1,087,009	\$ 242,903
Interest cost	1,569,763	243,445
Amortization of actuarial loss	285,449	169,584
Net periodic postretirement benefit cost	<u>\$2,942,221</u>	<u>\$655,932</u>

The following provides a reconciliation of the accumulated benefit obligation, plan assets and funded status of the plans:

	College Employee Plan	Library Employee Plan
Change in accumulated postretirement benefit obligation:		
Benefit obligation, June 30, 2014	\$ 38,692,726	\$ 5,732,401
Service cost	1,087,009	242,903
Interest cost	1,569,763	243,445
Medicare Part D subsidy	116,881	
Plan participants' contributions	247,931	13,846
Actuarial losses	835,691	83,625
Benefits paid	(1,911,506)	(138,672)
Benefit obligation, June 30, 2015	<u>\$ 40,638,495</u>	<u>\$ 6,177,548</u>
Change in plan assets:		
Fair value of plan assets, June 30, 2014	\$0	\$0
Employer contribution	1,546,694	124,826
Plan participants' contributions	247,931	13,846
Medicare Part D subsidy	116,881	
Benefits paid	(1,911,506)	(138,672)
Fair value of plan assets, June 30, 2015	<u>\$0</u>	<u>\$0</u>
Funded status:		
Retirees and dependents	\$ (19,080,195)	\$ (2,331,949)
Actives fully eligible	(1,192,379)	(566,373)
Actives not fully eligible	(20,365,921)	(3,279,226)
Accumulated postretirement benefit obligation	<u>(40,638,495)</u>	<u>(6,177,548)</u>
Fair value of plan assets	0	0
Funded status	<u>\$(40,638,495)</u>	<u>\$(6,177,548)</u>

As of June 30, 2015 the College Plan had a cumulative net actuarial loss of \$7,051,357. The Library Plan had a cumulative net actuarial loss of \$2,513,815. In fiscal year 2016 the College and Library have an expected amortization from unrestricted net assets into net periodic benefit of \$324,025 and \$158,666, respectively.

Included in the change in actuarial assumptions for the College Plan and Library Plan are gains from assumption changes in the discount rate amounting to \$896,000 and \$146,430, respectively, offset by other factors including a mortality loss of \$1,670,297 and \$246,997, respectively.

The discount rate used in determining the accumulated postretirement benefit obligation as of June 30, 2015 for the College Plan was 4.29% compared to 4.14% at June 30, 2014. The discount rate for the Library Plan was 4.43% as of June 30, 2015 compared to 4.30% as of June 30, 2014.

The assumed health care cost trend rate used in measuring both Plans' accumulated postretirement benefit obligation was 8.00% for participants not yet Medicare eligible and 5.00% for participants who are Medicare eligible. The ultimate trend rate for both Plans declines gradually to 5.00% in 2018. The discount rate used in determining the net periodic postretirement benefit cost for the fiscal year ending June 30, 2015, which is determined as of July 1, 2014, was 4.14% for the College Plan and 4.30% for the Library Plan.

Following is the effect of a change in the trend rates at June 30, 2015:

	College Employee Plan	Library Employee Plan
Impact of 1% increase in health care cost trend		
Interest cost plus service cost	\$ 401,000	\$ 122,000
Accumulated postretirement benefit obligation	6,290,000	1,285,000
Impact of 1% decrease in health care cost trend interest cost		
Interest cost plus service cost	(318,000)	(92,000)
Accumulated postretirement benefit obligation	\$(5,079,000)	\$(1,001,000)

The Institution expects its 2016 contribution to be reasonably consistent with the current year payments of \$1,693,000 and \$152,000 for the College Plan and Library Plan, respectively. The following benefit payments, which reflect expected future service, are expected to be paid by the Institution:

	College Employee Plan	Library Employee Plan
2016	\$ 1,693,000	\$ 152,000
2017	1,800,000	165,000
2018	1,867,000	180,000
2019	1,969,000	200,000
2020	1,986,000	219,000
2021–2025	11,643,000	1,426,000
Total	<u>\$20,958,000</u>	<u>\$2,342,000</u>

10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2015:

	College	Library
Program services	\$ 37,206,007	\$ 3,187,969
Student loans	3,976,601	
Life income funds	26,436,807	375,393
Buildings and improvements	1,004,963	
Realized and unrealized gains available for distribution under the limits of total return policy	1,098,235,491	275,456,074
Other	2,034,751	112,669
	<u>\$1,168,894,620</u>	<u>\$279,132,105</u>

Temporarily restricted net assets released from restrictions during the year for the Institution's activities were used for the following purposes:

	College	Library
Program services	\$ 63,108,187	\$ 5,878,868
Buildings and improvements	10,895,914	5,993
General	25,900,221	9,461,470
	<u>\$99,904,322</u>	<u>\$15,346,331</u>

Permanently restricted net assets are summarized as follows at June 30, 2015:

	College	Library
Permanent endowment	\$ 435,133,806	\$ 24,923,137
Contributions receivable	5,026,164	
Life income funds	18,338,921	158,543
Beneficial interest in perpetual trusts	16,796,038	
	<u>\$475,294,929</u>	<u>\$25,081,680</u>

11. Collections

The Folger Shakespeare Memorial Library holds the largest and most complete collection of Shakespeareana in the world and the largest collection of English printed books from 1475 to 1640 outside of England, as well as extensive Continental Renaissance holdings. The collection spans a broad range of subjects and includes books, manuscripts, documents, paintings, illustrations, tapestries, furnishings, musical instruments, scores, and curios from the Renaissance and theater history. The collection is a source of research for scholars from all over the world and is shared with the public through exhibitions, performances, educational programs and lectures.

The collection is exhibited within the Folger Shakespeare Memorial Library in Washington, D.C.

The Emily Dickinson Museum consists of two historic houses, and their contents, in the center of Amherst, Massachusetts, closely associated with the poet Emily Dickinson and members of her family during the nineteenth and early twentieth centuries. The Museum is dedicated to educating diverse audiences about Emily Dickinson's life, family, creative work, times, and enduring relevance, and to preserving and interpreting the Homestead and The Evergreens as historical resources for the benefit of scholars and the general public.

The College has collections housed in the Mead Art Museum and the Beneski Museum of Natural History. The Mead Art Museum exhibits selections from its diverse collection of 19,500 works including American art, Russian modernist art, French art, British portraiture, African art, Japanese art, 19th and 20th century photography, and master and modern prints and drawings. The Beneski Museum of Natural History houses research collections of vertebrate and invertebrate paleontology, minerals, anthropology and modern vertebrates, as well as numerous exhibits which illustrate the evolution and ecology of major groups of animals.

The College's collections are exhibited on campus where they are maintained.

The College and the Library maintain policies and procedures addressing the collections' upkeep as well as other aspects of their management, including accession and deaccession policies.

12. Subsequent Events

Management has evaluated subsequent events for the period after June 30, 2015, through October 23, 2015 the date the financial statements were available to be issued. Management is not aware of any other subsequent events that would have a material impact on the June 30, 2015 financial statements.

Gifts, Bequests and Grants Received

Amherst College | for the year ended June 30, 2015

Fund								
Purpose	Endowment			Life Income	Plant	Current	2015 Total	2014 Total
	Permanent	Term	Quasi					
Unrestricted	1,074,606	1,262,215	538,663			1,781,879	4,657,363	28,862,820
Administration	121,819					384,823	506,642	1,300,035
Instruction	1,254,349					114,674	1,369,023	284,283
Library	373		20			97,338	97,731	169,210
Physical Plant					11,301,446	16,000	11,317,446	5,541,477
Scholarships and Student Aid	3,561,083		1,001,300			4,011,761	8,574,144	7,563,471
Prizes	2,971					400	3,371	3,088
Fellowships	38,693					360,000	398,693	57,500
Research						2,732,930	2,732,930	2,388,286
Annual Fund	2,878					*9,816,231	9,819,109	9,958,246
Academic Services	812,541		16,503			258,494	1,087,538	1,366,814
Student Services	483,014		39,240			2,018,329	2,540,583	2,826,274
Remainder Interest				1,225,393			1,225,393	1,744,952
Dickinson Museum	30,250				41,468	400,620	472,338	472,650
Total—2015	7,382,577	1,262,215	1,595,726	1,225,393	11,342,914	21,993,479	44,802,304	
Total—2014	31,838,965	649,361	1,744,285	1,744,952	5,674,684	20,886,859		62,539,106

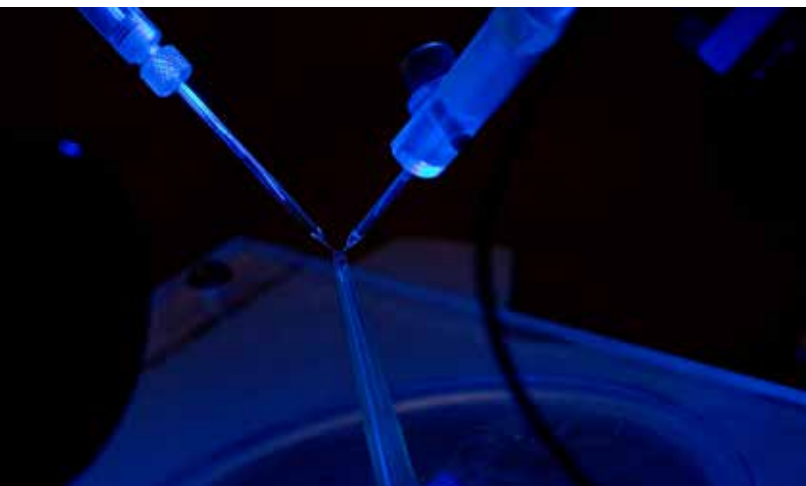
*This amount does not include endowment income transferred to the 2015 Annual Fund. When that amount is included, the total of the 2015 Annual Fund is \$10,164,356.

Gifts, Bequests and Grants Received

Folger Shakespeare Memorial Library | for the year ended June 30, 2015

Fund								
Purpose	Endowment			Life Income	Plant	Current	2015 Total	2014 Total
	Permanent	Term	Quasi					
Unrestricted						1,135,413	1,135,413	1,134,147
Administration					25		25	1,225
Research Division			205			17,075	17,280	1,482
Public Programs						456,381	456,381	427,544
Education	169,893					199,366	369,259	89,560
Grant Support						1,338,658	1,338,658	92,255
Technology						37,500	37,500	50,000
Central Library		1,000				644,782	645,782	46,129
Acquisitions	5,000					155,435	160,435	70,738
Folger Unitrust								1,000
Total—2015	174,893	1,000	205	0	25	3,984,610	4,160,733	
Total—2014	5,750	225	15,689	1,000	0	1,891,416		1,914,080

Amherst College does not discriminate in its admission or employment policies and practices on the basis of factors such as race, sex, sexual orientation, gender identity, gender expression, age, color, religion, national origin, disability or veteran status. The College complies with federal and state legislation and regulations regarding non-discrimination. Inquiries should be addressed to the Office of the President, Amherst College, P.O. Box 5000, Amherst, MA 01002-5000.



Photography by Ryan Donnell, Adam Grim, Joel Haskell, Rob Mattson and Shana Surek

