Report of Independent Auditors
and Financial Statements for

University of Portland

June 30, 2015 and 2014

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Regents
University of Portland

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Portland (the University), which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

REPORT OF INDEPENDENT AUDITORS (continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Portland as of June 30, 2015 and 2014 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Portland, Oregon
December 3, 2015

UNIVERSITY OF PORTLAND
STATEMENTS OF FINANCIAL POSITION
(in thousands)

ASSETS

	June 30, 2015	June 30, 2014
ASSETS		
Cash and cash equivalents	$ 9,637	$ 16,196
Cash held by trustee for capital expenditures	25,223	-
Accounts receivable, net	2,243	2,535
Prepaid expenses and other	1,624	1,772
Investments – beneficial interest in assets held by others	150,665	138,839
Investments	17,811	21,216
Investments deposited in debt service reserve	-	6,121
Pledges receivable, net	13,754	10,564
Student loans receivable, net	4,236	4,053
Property, plant, and equipment, net	215,770	191,489
Other assets	2,601	1,779
Total assets	$ 443,564	$ 394,564

LIABILITIES AND NET ASSETS

	June 30, 2015	June 30, 2014
LIABILITIES		
Accounts payable and accrued liabilities	$ 9,471	$ 7,657
Deferred revenues and deposits	8,003	8,015
Annuities payable	5,432	5,647
Bonds payable	96,793	71,630
Advances from federal government for student loans	3,003	2,915
Total liabilities	122,702	95,864
NET ASSETS		
Unrestricted	165,842	152,054
Temporarily restricted	68,153	63,180
Permanently restricted	86,867	83,466
Total net assets	320,862	298,700
Total liabilities and net assets	$ 443,564	$ 394,564

See accompanying notes.

UNIVERSITY OF PORTLAND
STATEMENT OF ACTIVITIES – JUNE 30, 2015
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
Revenues and gains				
Student charges				
Regular degree programs	$ 156,232	$ -	$ -	$ 156,232
Less scholarships	(68,723)	-	-	(68,723)
Net regular degree programs	87,509	-	-	87,509
Room and board	21,190	-	-	21,190
Government grants	1,160	-	-	1,160
Grants and contracts	989	-	-	989
Gifts and contributions	3,872	577	-	4,449
Investment return on endowment, distributed	865	3,507	-	4,372
Other investment gains	28	-	-	28
Other revenues and support	5,332	-	-	5,332
Total revenues and gains	120,945	4,084	-	125,029
Net assets released from restrictions	14,229	(14,229)	-	-
Total revenues, gains, and other support	135,174	(10,145)	-	125,029
Expenses				
Instruction	45,914	-	-	45,914
Research	1,084	-	-	1,084
Libraries and instruction media	4,260	-	-	4,260
Student services	9,820	-	-	9,820
General institutional expense	22,194	-	-	22,194
Auxiliary enterprises	31,076	-	-	31,076
Total operating expenses	114,348	-	-	114,348
Increase (decrease) in net assets from operating activities	20,826	(10,145)	-	10,681
NONOPERATING ACTIVITIES				
Endowment gains, net of amounts distributed	1,194	6,490	-	7,684
Change in value of split interest agreements	-	(9)	30	21
Gifts and contributions	-	8,644	3,196	11,840
Changes in net asset classification	-	(10)	10	-
Other investment income (loss)	(8)	3	165	160
Loss on defeasance of bonds	(8,224)	-	-	(8,224)
(Decrase) increase in net assets from nonoperating activities	(7,038)	15,118	3,401	11,481
INCREASE IN NET ASSETS	13,788	4,973	3,401	22,162
NET ASSETS, beginning of year	152,054	63,180	83,466	298,700
NET ASSETS, end of year	$ 165,842	$ 68,153	$ 86,867	$ 320,862

See accompanying notes.

UNIVERSITY OF PORTLAND
STATEMENT OF ACTIVITIES – JUNE 30, 2014
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
Revenues and gains				
Student charges				
Regular degree programs	$ 143,858	$ -	$ -	$ 143,858
Less scholarships	(62,491)	-	-	(62,491)
Net regular degree programs	81,367	-	-	81,367
Room and board	18,237	-	-	18,237
Government grants	1,086	-	-	1,086
Grants and contracts	956	-	-	956
Gifts and contributions	4,232	265	-	4,497
Investment return on endowment, distributed	632	3,114	-	3,746
Other investment gains	492	-	-	492
Other revenues and support	4,766	-	-	4,766
Total revenues and gains	111,768	3,379	-	115,147
Net assets released from restrictions	9,375	(9,375)	-	-
Total revenues, gains, and other support	121,143	(5,996)	-	115,147
Expenses				
Instruction	43,817	-	-	43,817
Research	856	-	-	856
Libraries and instruction media	4,150	-	-	4,150
Student services	9,651	-	-	9,651
General institutional expense	20,954	-	-	20,954
Auxiliary enterprises	27,365	-	-	27,365
Total operating expenses	106,793	-	-	106,793
Increase (decrease) in net assets from operating activities	14,350	(5,996)	-	8,354
NONOPERATING ACTIVITIES				
Endowment gains, net of amounts distributed	3,380	15,742	-	19,122
Change in value of split interest agreements	-	52	540	592
Gifts and contributions	-	3,746	3,826	7,572
Changes in net asset classification	-	(1,306)	1,306	-
Other investment income	1	46	738	785
Increase in net assets from nonoperating activities	3,381	18,280	6,410	28,071
INCREASE IN NET ASSETS	17,731	12,284	6,410	36,425
NET ASSETS, beginning of year	134,323	50,896	77,056	262,275
NET ASSETS, end of year	$ 152,054	$ 63,180	$ 83,466	$ 298,700

See accompanying notes.

UNIVERSITY OF PORTLAND
STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended June 30, 2015	Years Ended June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 22,162	$ 36,425
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation expense	7,126	6,628
Provision for doubtful pledges receivable	154	393
Decrease in pledges receivable discount	(169)	(704)
Contributions restricted for long-term investment	(9,217)	(10,271)
Contributions subject to annuity and unitrust agreements	(157)	(34)
Change in value of assets held in charitable trusts	(21)	(592)
Net unrealized and realized gains on investments	(14,602)	(23,056)
Loss on defeasance of bonds	8,224	-
Loss on disposal of property, plant, and equipment	16	-
Increase (decrease) in cash due to changes in assets and liabilities		
Accounts and student loans receivable	109	(716)
Prepaid expenses and other	148	(1,132)
Pledges receivable	(3,175)	2,321
Other assets	(822)	172
Accounts payable, accrued liabilities, deferred revenues, and deposits	1,802	(255)
Annuities payable	(215)	433
Net cash from operating activities	11,363	9,612
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(646)	(14,855)
Proceeds from sale of investments	12,969	15,803
Purchases of property, plant, and equipment	(31,423)	(9,398)
Proceeds from sale of property, plant, and equipment	-	4
Net cash from investing activities	(19,100)	(8,446)

See accompanying notes.

UNIVERSITY OF PORTLAND
STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended June 30, 2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for		
Investment in endowment	$ 3,473	$ 4,658
Investment in plant	5,736	5,613
Loan fund	8	-
Investment subject to annuity and unitrust agreements	157	34
Increase in advances from federal government for student loans	88	225
Proceeds from issuance of bonds payable	96,793	-
Payments on bonds payable	(79,854)	(2,506)
Net cash from financing activities	26,401	8,024
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,664	9,190
CASH AND CASH EQUIVALENTS, beginning of year	16,196	7,006
CASH AND CASH EQUIVALENTS, end of year	$ 34,860	$ 16,196
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest, including capitalized interest of $227 and $370 for the years ended June 30, 2015 and 2014, respectively	$ 3,865	$ 3,271

Note 1 – Organization and Summary of Significant Accounting Policies

Organization – The University of Portland (the University) is a private institution of higher education accredited by the Northwest Commission on Colleges and Universities. The University offers students a number of graduate and undergraduate degrees in programs covering a wide variety of academic disciplines. The University is a not-for-profit organization funded by student tuition revenue as well as outside contributions.

Basis of presentation – These financial statements, which are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, have been prepared to focus on the University as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net asset balances and transactions into three classes of net assets – unrestricted, temporarily restricted and permanently restricted net assets.

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

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

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

Revenues are reported as increases in unrestricted net assets unless such revenues are limited by donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor restricted contributions, investment gains, and investment income, whose restrictions are met in the same reporting period, however, are reported as unrestricted support and revenue on the statements of activities.

The University's measure of operations presented in the statements of activities includes revenues from tuition and fees, grants and contracts, unrestricted contributions, investment income from unrestricted investments except those gains and losses earned by unrestricted funds functioning as endowments that have not been appropriated for expenditure in the current year, amounts appropriated for expenditure from restricted endowments in the current year, temporarily restricted contributions for purposes other than capital expenditures, and revenues from auxiliary enterprises and other sources, as well as net assets released from restriction based upon the satisfaction of those restrictions. Operating expenses are reported by functional categories, after allocating costs for plant maintenance, information services, interest on long-term indebtedness and depreciation.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Nonoperating activities presented in the statements of activities include gifts for buildings and other depreciable assets, unconditional promises to give, investment gains and losses on loan funds and permanently restricted endowments, gains and losses earned by unrestricted funds functioning as endowments that have not been appropriated for expenditure in the current year, changes in the value of split-interest agreements, and gains and losses from changes in the value of assets due to the fluctuation of discount rates.

Tuition and fees – Student tuition and fees are recorded as revenue on a ratable basis over the term of instruction. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue. The majority of the University's students rely on funds received from various federal financial aid programs under Title IV of the Higher Education Act of 1965, as amended, to pay for a substantial portion of their tuition. These programs are subject to periodic review by the United States Department of Education (DOE). Disbursements under each program are subject to disallowance by the DOE and repayment by the University. In addition, as an educational institution, the University is subject to licensure from various accrediting and state authorities and other regulatory requirements of the DOE.

Government grants, other grants and contracts – Government grants, other grants and contracts are recognized when earned. Revenues under cost reimbursement contracts are considered earned when expenses, which are subject to reimbursement by the granting agency, are incurred.

Contributions and promises to give – Contributions, in cash or in-kind, are recognized in the period in which they are received. Unconditional promises to give are recognized as revenues in the period in which the unconditional promise is received. Contributions received with restrictions that are met within the same reporting period are classified as unrestricted revenues. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and the nature of the fund-raising activity.

Contributed services are reported when specialized services are performed, or would otherwise be purchased or performed by salaried personnel, and when the University exercises control over the duties of the donor's services. These services totaling approximately $318 and $290, at June 30, 2015 and 2014, respectively, have been recorded as gifts and contributions revenue and instruction expense on the accompanying statements of activities.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Income and realized and unrealized gains (losses) on investments of endowment and similar funds are reported as follows:

- As increases (decreases) in permanently restricted net assets if applicable law or the terms of the gift require that they be added to the principal of a permanent endowment fund
- As increases (decreases) in temporarily restricted net assets if applicable law or the terms of the gift impose restrictions on the use of the income
- As increases (decreases) in unrestricted net assets in all other cases

Gifts contributed for the purchase of property, plant, and equipment are reported as increases to temporarily restricted net assets and are released when spent.

Cash and cash equivalents – Cash and cash equivalents consist primarily of demand deposits, certificates of deposit, and U.S. government securities with original maturity dates of 90 days or less.

Beneficial interest in assets held by others – The University invests the majority of its endowment with a religious affiliate that shares the University's Catholic ministry and educational mission. These assets are held in the affiliate's endowment and are invested for the University's benefit. The endowment is managed to provide a stable source of financial support. In order to meet this objective the funds are invested in a diversified asset allocation with an emphasis on equity-based instruments to obtain capital appreciation and current yield. Investments held in the affiliate's endowment include U.S. public equities, non-U.S. public equities, long/short public equities, fixed income securities, marketable alternatives, private equity, real estate, and other real assets. The University has no unfunded commitments related to its beneficial interest in assets held by others as of June 30, 2015.

The University may redeem its interest as necessary. Whenever a request is made, the affiliate is required to distribute the funds within 30 days if the redemption value does not exceed $10,000, within 90 days if the redemption value exceeds $10,000 but does not exceed $50,000, and within 180 days if the redemption value exceeds $50,000.

Investments – Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value are based on quotations from national securities exchanges. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. The University reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

The University invests in a variety of investment securities which are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and such changes could materially affect the amounts reported in the financial statements.

Receivables – Accounts receivable represent amounts due from various individuals and organizations and are recorded at the invoiced amount. Student accounts and loans receivable are recorded at the invoiced amount. Student accounts receivable do not bear interest. Loans receivable include amounts currently receivable net of allowances (see Note 3). The allowance for doubtful accounts for all receivables represents the University's best estimate of the amount of probable credit losses in the University's existing accounts receivable and student loans receivable. The University determines the allowance by performing on-going evaluations of its creditors and students and their ability to make payments. The University determines the adequacy of the allowance based on length of time past due, historical experience and judgment of economic conditions. Account and loan balances are charged off against the allowance after all means of collection have been exhausted and potential recovery is considered remote.

Property, plant, and equipment – Property, plant, and equipment are recorded at cost on the date of acquisition or fair value at the date of donation in the case of gifts.

The University computes depreciation using the straight-line method over the estimated useful lives of fixed assets as follows:

Land improvements	60 years
Buildings	60 years
Library holdings	20 years
Real estate holdings	20 years
Furniture, fixtures, and equipment	10 years
Computer equipment	5 years

Additions and betterments of $5 or more are capitalized except for furniture, fixtures, and data handling equipment and library holdings which are capitalized at any value. Repairs and maintenance that do not extend the useful lives of the respective assets are expensed currently.

Deferred revenues and deposits – Deferred revenues and deposits consist primarily of tuition fees and housing deposits received in advance related to future academic periods.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Charitable gift annuities and charitable remainder trusts – The University has entered into several charitable gift annuity agreements and charitable remainder trusts whereby the donor contributes assets in exchange for distributions based on the value of trust assets for a specified period of time to the donor or other beneficiaries. At the end of the specified time, the remaining assets are available for the University's use. Assets received are recorded at fair value, and a liability equal to the present value of the future distributions is recorded. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue. On an annual basis, the University recalculates the liability based on applicable mortality tables and discount rates. As of June 30, 2015 and 2014, the University used 2000 CM mortality tables with a discount rate of 2.0% and 2.2%, respectively.

Income taxes – The University is a tax-exempt organization and is not subject to federal or state income taxes, except for unrelated business income, in accordance with Section 501(c)(3) of the Internal Revenue Code. In addition, the University qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation. Unrelated business income tax, if any, is insignificant and no tax provision has been made in the accompanying financial statements.

The University recognizes interest accrued and penalties related to unrecognized tax benefits in administrative expense. During the years ended June 30, 2015 and 2014, the University recognized no interest and penalties. The University had no unrecognized tax benefits at June 30, 2015 or 2014.

The University files an exempt organization income tax return and an unrelated business income tax return in the U.S. federal jurisdiction. The appropriate state and local returns are also filed for any unrelated business income.

Fair value measurements – Generally accepted accounting principles define fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The valuation techniques used are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the University's market assumptions.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

These two types of inputs create the following fair value hierarchy:

Level 1 – Inputs are unadjusted, and represent quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date.

Level 3 – Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and/or the risk inherent in the inputs to the model. Securities classified within Level 3 investments are based on valuations provided by the external investment managers. The valuations consider variables such as financial performance of investments, recent sales prices of investments, and other pertinent information. Management, in conjunction with the Vice President for Financial Affairs and external investment advisors, review the valuation of the investments on a quarterly basis.

A financial instrument is defined as a contractual obligation that ultimately ends with the delivery of cash or an ownership interest in an entity. Disclosures included in these notes regarding the fair value of financial instruments have been derived using external market sources, estimates using present value, or other valuation techniques. Most financial assets and liabilities for which the carrying amount approximates fair value are considered by the University to be Level 1 measurements in the fair value hierarchy.

Determination of the fair value of student loan receivables, which are primarily federally sponsored student loans with U.S. governmental mandated interest rates and repayment terms and subject to significant restrictions as to their transfer or disposition, could not be made without incurring excessive costs. The University issued Oregon Facilities Authority (OFA) revenue bonds that are reported at an amortized cost of $96,793 and $71,630 at June 30, 2015 and 2014, respectively, in the statements of financial position. These OFA bonds have an approximate fair value of $94,987 and $76,258 as of June 30, 2015 and 2014, respectively. The University determined these OFA bonds to be Level 2 measurements in the fair value hierarchy. See Note 9 for other disclosures of debt obligations.

Endowments – The University is governed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which identifies specific factors that must be considered in the University's policies on investing and spending earnings from endowed funds (see Note 11).

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Use of estimates – The preparation of these financial statements, in conformity with generally accepted accounting principles in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Reclassifications – Certain reclassifications have been made to the 2014 financial statements to conform to the current year presentation. These reclassifications have no impact on total net assets or the change in net assets.

Related party transactions – Members of the University's Board of Regents and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the University. The University requires annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with the University. These annual disclosures cover Regents, senior management and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the University. The University has a written conflict of interest policy that requires, among other things, that no member of the Board of Regents can participate in any decision in which he or she (or an immediate family member) has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the University, and in accordance with applicable conflict of interest laws. No such associations are considered to be significant.

Subsequent events – Subsequent events are events or transactions that occur after the statements of financial position date but before financial statements are issued. The University recognizes in its financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. The University's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position, but arose after the statements of financial position date and before the financial statements are issued. The University has evaluated subsequent events through December 3, 2015, the date the financial statements were issued.

(in thousands)

Note 2 – Pledges Receivable

The University calculates pledges receivable at the present value of estimated future cash flows using a 4.9% to 6.0% discount rate. The annual payments are scheduled to be received as follows:

	June 30, 2015	June 30, 2014
Less than one year	$ 8,103	$ 5,199
One to five years	8,137	7,706
More than five years	14,385	14,544
	30,625	27,449
Less discount	(9,514)	(9,683)
Less reserve for uncollectible accounts	(7,357)	(7,202)
Pledges receivable, net	$ 13,754	$ 10,564

Pledges due from eighteen related party donors represent 64% of pledges receivable outstanding at June 30, 2015. Pledges due from sixteen related party donors represent 74% of pledges receivable outstanding at June 30, 2014.

Note 3 – Student Loans Receivable

Student loans receivable represents primarily Federal Perkins and Nursing Student loans that are generally payable with interest at 3.0% and 5.0% over approximately 11 years following University attendance. Principal payments, interest and losses due to cancellation are shared by the University and the U.S. government in proportion to their share of funds provided. The program provides for cancellation of loans if the student is employed in certain occupations following graduation (employment cancellations). Employment cancellations are absorbed in full by the U.S. government. Student loans are considered past due if payment is not received by the 15th day of the month. After 60 days the loan is sent to a collection agency. The student loans receivable are as follows:

	June 30, 2015	June 30, 2014
Federal Perkins loans	$ 3,466	$ 3,431
Federal Nursing loans	954	922
Other loans	101	49
	4,521	4,402
Less reserve for uncollectible accounts	(285)	(349)
Total student loans receivable	$ 4,236	$ 4,053

(in thousands)

Note 3 – Student Loans Receivable (continued)

At June 30, 2015 and 2014, student loans receivable represented 0.96% and 1.03% of total assets, respectively.

The availability of funds for loans under the Perkins program is dependent on reimbursements to the pool from repayments on outstanding loans. There were no funds advanced by the Federal government for the years ended June 30, 2015 and 2014. Funds advanced in prior years by the Federal government, totaling $3,003 and $2,915 at June 30, 2015 and 2014, respectively, are ultimately refundable to the government and are classified as liabilities in the statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

The following amounts were past due under student loan programs:

	June 30,	
	2015	2014
1-60 Days	$ 229	$ 205
60-90 Days	30	26
90+ Days	852	830
Total Past Due	$ 1,111	$ 1,061

The University has recorded an allowance for doubtful accounts against the outstanding loan balances of $285 and $349 at June 30, 2015 and 2014 respectively. There were no write-offs of loan funds during the years ended June 30, 2015 and 2014.

(in thousands)

Note 4 – Investments

The fair value of investments is as follows:

	June 30, 2015	June 30, 2014
Money market funds	$ -	$ 246
Equity holdings	11,033	10,074
U.S. government securities	-	8,938
Private equity funds	3,971	4,287
Corporate bonds	2,444	3,431
Cash surrender value of life insurance	363	361
	17,811	27,337
Beneficial interest in assets held by others	150,665	138,839
	$ 168,476	$ 166,176

The following schedule summarizes the investment return and its presentation in the statements of activities:

	June 30, 2015	June 30, 2014
Interest and dividend income	$ 1,347	$ 1,681
Net realized and unrealized gains on investments carried at fair value	10,918	23,056
Total investment return	12,265	24,737
Less investment return on endowment, distributed	(4,372)	(3,746)
Less other operating investment gains	(28)	(492)
Nonoperating investment gain	$ 7,865	$ 20,499

(in thousands)

Note 4 – Investments (continued)

Nonoperating returns reported on the statements of activities:

	June 30, 2015	June 30, 2014
Endowment gains, net of amounts distributed	$ 7,684	$ 19,122
Change in value of split interest agreements	21	592
Other investment income	160	785
Nonoperating investment gain	$ 7,865	$ 20,499

The University may employ derivatives and other strategies to hedge against market risks, arbitrage mispricing of related securities, and to replicate long or short positions more cost effectively. Accordingly, derivatives in the investment portfolio may include currency forward contracts, interest rate and currency swaps, call and put options, debt and equity futures contracts, equity swaps and other vehicles that may be appropriate in certain circumstances.

The University did not directly hold any derivative securities as detailed above, but held shares of commingled investment vehicles, such as hedge funds of funds, which may hold such investments. Derivatives held by limited partnerships and commingled investment trusts in which the University invests, involve varying degrees of off-balance sheet risk, and may result in losses due to changes in the market.

Note 5 – Fair Value of Assets

The University used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the financial statements:

Money market funds – Fair value is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices of similar securities.

Equity holdings – Fair value is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices of similar securities.

U.S. government securities – Fair value is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices of similar securities.

Corporate bonds – Fair value is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices of similar securities.

Note 5 – Fair Value of Assets (continued)

Cash surrender value of life insurance – Fair value is based on the cash surrender value provided by each policy's respective insurer, which represents the discounted cash flow of each policy.

Private equity funds – Investments in private equity funds are carried at fair value as determined by the net asset value of the fund as determined in good faith by the fund manager. Because of inherent uncertainty in valuing investments in private equity funds for which no active market exists, the estimated value may differ significantly from the value that could be realized in a secondary market transaction, and the ultimate amounts realized could be significantly different from the values reported.

Investment strategies of such funds include the use of margin and other forms of leverage including taking short positions, swaps, futures, options, warrants, private placements, forward contracts, trade claims and credit default swaps and real estate instruments, when deemed appropriate by fund managers. Other event-driven investment strategies include: merger arbitrage, distressed securities and special situations. All investment objectives and strategies used by the fund managers comply with the University's Investment Policy.

The University is unable to redeem its investment in these private equity funds until the liquidation of the funds. The remaining lives of these funds range from 2 to 5 years with all commitments due on demand. At June 30, 2015, the University had outstanding commitments to invest an additional $269 with certain alternative investment managers through December 31, 2018. These commitments may or may not be called upon by the private equity funds; however, the University deems it unlikely that the private equity firms will call upon these commitments.

Beneficial interest in assets held by others – Fair value is based on the net asset value as reported by the affiliate, unless specific evidence indicates that net asset value should be adjusted. This may involve using significant unobservable inputs. The valuation methods utilized by the affiliate are subject to regular review by the University.

(in thousands)

Note 5 – Fair Value of Assets (continued)

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2015:

	Level 1	Level 2	Level 3	Total
Investments				
Equity holdings	$ 11,033	$ -	$ -	$ 11,033
Corporate bonds	-	2,444	-	2,444
Cash surrender value of life insurance	363	-	-	363
Alternative investments				
Event-driven private equity funds	-	-	1,584	1,584
Multi-strategy private equity funds	-	-	1,340	1,340
Real estate private equity funds	-	-	677	677
Restructured companies private equity funds	-	-	298	298
Financially distressed private equity funds	-	-	72	72
Beneficial interest in assets held by others	-	-	150,665	150,665
	$ 11,396	$ 2,444	$ 154,636	$ 168,476

(in thousands)

Note 5 – Fair Value of Assets (continued)

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2014:

	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	$ 246	$ -	$ -	$ 246
Equity holdings	10,074	-	-	10,074
U.S. government securities	6,121	2,817	-	8,938
Corporate bonds	-	3,431	-	3,431
Cash surrender value of life insurance	361	-	-	361
Alternative investments				
Event-driven private equity funds	-	-	1,520	1,520
Multi-strategy private equity funds	-	-	1,636	1,636
Real estate private equity funds	-	-	528	528
Restructured companies private equity funds	-	-	461	461
Financially distressed private equity funds	-	-	142	142
Beneficial interest in assets held by others	-	-	138,839	138,839
	$ 16,802	$ 6,248	$ 143,126	$ 166,176

(in thousands)

Note 5 – Fair Value of Assets (continued)

The following table provides a reconciliation of assets measured at fair value using significant unobservable inputs (Level 3) on a recurring basis during the years ended June 30, 2015 and 2014:

	Event-Driven Private Equity Funds	Multi-strategy Private Equity Funds	Real Estate Private Equity Funds	Restructured Companies Private Equity Funds	Financially Distressed Private Equity Funds	Beneficial Interest in Assets Held by Others	Total
Balance at June 30, 2013	$ 2,168	$ 1,852	$ 639	$ 529	$ 328	$ 112,516	$ 118,032
Purchases	-	40	-	-	-	3,700	3,740
Sales	(836)	(514)	(134)	(126)	(180)	-	(1,790)
Net realized/unrealized gains (losses)	188	258	23	58	(6)	22,623	23,144
Balance at June 30, 2014	$ 1,520	$ 1,636	$ 528	$ 461	$ 142	$ 138,839	$ 143,126
Total amount of gains included in changes in net assets attributable to the change in unrealized gains (losses) relating to assets still held at June 30, 2014	$ 187	$ 307	$ 13	$ (68)	$ (186)	$ 10,833	$ 11,086
Balance at June 30, 2014	$ 1,520	$ 1,636	$ 528	$ 461	$ 142	$ 138,839	$ 143,126
Sales	(65)	(433)	(55)	(118)	(25)	-	(696)
Net realized/unrealized gains (losses)	129	137	204	(45)	(45)	11,826	12,206
Balance at June 30, 2015	$ 1,584	$ 1,340	$ 677	$ 298	$ 72	$ 150,665	$ 154,636
Total amount of gains (losses) included in changes in net assets attributable to the change in unrealized gains (losses) relating to assets still held at June 30, 2015	$ 73	$ 84	$ 190	$ (162)	$ (70)	$ 356	$ 471

The University's policy is to recognize transfers in and out as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1, 2 or 3 for the years ended June 30, 2015 and 2014. There were no changes in valuation methods or assumptions during the years ended June 30, 2015 or 2014.

(in thousands)

Note 5 – Fair Value of Assets (continued)

The University uses the Net Asset Value (NAV) to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles or have the attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major class:

	Fair Value June 30, 2015	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Other Restrictions
Private equity funds					
Event-driven private equity funds (a)	$ 1,584	$ -	N/A*	N/A*	N/A*
Multi-strategy private equity funds (b)	1,340	169	N/A*	N/A*	N/A*
Real estate private equity funds (c)	677	-	N/A*	N/A*	N/A*
Restructured companies private equity funds (d)	298	-	N/A*	N/A*	N/A*
Financially distressed private equity funds (e)	72	100	N/A*	N/A*	N/A*
Beneficial interest in assets held by others					
Multi-strategy (f)	150,665	-	Quarterly	30 – 180 days	N/A
	$ 154,636	$ 269			

* These funds are in private equity structure, with no ability to be redeemed.

(a) The primary objective is to achieve long-term capital appreciation primarily through investments in equity and debt obligations of corporations, partnerships, limited liability companies, and other similar entities that the managers believe are undervalued, offer an opportunity for growth if funded appropriately, and provide an attractive risk/return profile.
(b) These partnerships invest in closed-end private equity limited partnerships specializing in venture capital, buyout, mezzanine/subordinated debt, restructuring/distressed debt and special situation.
(c) These partnerships invest in real properties and real estate-related assets.
(d) These partnerships invest primarily in the securities of entities which are undergoing, are considered likely to undergo, or have undergone (i) reorganization under the federal bankruptcy law or similar laws in other countries or (ii) other extraordinary transactions, such as debt restructuring, reorganizations and liquidations outside of bankruptcy.
(e) These partnerships invest in equity and debt obligations of companies which are undervalued because they are (i) financially distressed, (ii) formerly financially distressed and attempting to return to the mainstream financial markets, (iii) in the hands of owners who wish to remove themselves from that role, or (iv) lacking capital with which to respond to either problems or
(f) Investment objectives seek to preserve the real purchasing power of the investment, while providing a stable source of financial support. To satisfy its long-term rate of return objectives, a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) is used. In addition, a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints is used.

(in thousands)

Note 6 – Property, Plant, and Equipment

Property, plant, and equipment consist of the following:

	June 30, 2015	June 30, 2014
Land and improvements	$ 22,113	$ 18,988
Buildings	192,668	190,265
Furniture, fixtures, and equipment	33,640	29,455
Library holdings	17,543	17,271
Real estate holdings	8,033	7,624
	273,997	263,603
Less accumulated depreciation	(82,672)	(76,708)
	191,325	186,895
Construction in progress	24,445	4,594
Property, plant, and equipment, net	$ 215,770	$ 191,489

Depreciation expense totaled approximately $7,126 and $6,628 for the years ended June 30, 2015 and 2014, respectively.

The University periodically reviews its property, plant, and equipment to remove from its assets any fully depreciated items that have been discarded. The University removed $1,126 and $22,844 of fully depreciated assets from property, plant, and equipment in 2015 and 2014, respectively.

(in thousands)

Note 7 – Commitments and Contingencies

The University leases certain office equipment and facilities under an operating lease agreement. Future minimum payments under this lease are as follows for the years ending June 30:

2016	$	595
2017		251
2018		148
2019		12
2020		11
	$	1,017

The University incurred operating lease expenses of approximately $605 and $436 for the years ended June 30, 2015 and 2014, respectively.

The University has placed its liability insurance coverage with the College Liability Insurance Company, (CLIC), established by nine similar western colleges and universities for the purpose of providing liability insurance to higher education institutions. As a portion of its capital, CLIC has placed a $2,000 standby letter of credit of which the University is contingently liable for a pro rata portion based upon premium contributions from covered institutions. In the event the losses of CLIC exceed its capital and secondary coverage, the maximum contingent liability exposure to the University is approximately $235. As of June 30, 2015 and 2014, no amounts were outstanding against the standby letter of credit.

The University is obligated under a Guarantee Bond agreement with the Province of Alberta to provide educational services in the Province. Under the terms of the agreement, if all services required are completed by the University, the obligation shall be null and void. As of June 30, 2015, the University is scheduled to provide the services as agreed upon. As such, no liability has been recorded.

Note 8 – Note Payable to Bank

The University has an annually renewable line of credit on which it can borrow up to a maximum of $15 million. The line of credit is payable on demand, or on January 31, 2016, if no demand, and bears interest at either the bank's prime rate plus 0.25% or at LIBOR plus 1.75% at the time of borrowing. There were no borrowings on this line of credit during the years ended June 30, 2015 and 2014 and no outstanding balance on this line of credit as of June 30, 2015 or 2014.

(in thousands)

Note 9 – Bonds Payable

In May 2015, the University issued State of Oregon, Oregon Facilities Authority (University of Portland Projects) 2015 Series A and Series B bonds for $69,645 and $21,645, respectively, at a premium totaling $5,503. A portion of the proceeds were used to defease legally and in substance the 2007 series bonds. The remaining proceeds will be used for various building improvement and expansion projects.

Bonds payable consist of the following:

	June 30, 2015	June 30, 2014
Bonds payable, 2015 Series A, in annual principal installments of between $2,345 and $5,345, interest payable semiannually at 3.25% to 5.0%, secured by investments and unrestricted revenues, due 2045	$ 73,843	$ -
Bonds payable, 2015 Series B, in annual principal installments of between $1,690 and $2,280, interest payable semiannually at 1.7% to 4.1%, secured by investments and unrestricted revenues, due 2027	22,950	-
Bonds payable, 2007 series, in annual principal installments of between $1,675 and $5,815, interest payable semiannually at 4.0% to 5.0%, secured by real property and revenues, legally defeased in 2015	-	71,630
Total bonds payable	$ 96,793	$ 71,630

The following is a summary of scheduled maturities of bonds payable for the years ending June 30:

2016	$ 2,212
2017	1,763
2018	1,839
2019	1,910
2020	1,988
Thereafter	87,081
	$ 96,793

Interest expense was approximately $3,442 and $3,202 for the years ended June 30, 2015 and 2014, respectively.

Note 9 – Bonds Payable (continued)

2007 Series Bonds – The University was required to maintain deposits for debt service reserve in accordance with terms of the bond indentures. These deposits, which are included in investments deposited in debt service reserve on the statements of financial position, were approximately $6,121 at June 30, 2014, and were held in a reserve account with Wells Fargo Bank. No amount was included as debt service reserve at June 30, 2015.

2015 Series Bonds – The loan agreement contains covenants which require the University to fix, charge, and collect tuition, fees, and other charges for services that it provides such that unrestricted revenues, together with funds available to pay debt service, exceed unrestricted expenses by an amount that is not less than 110% of the University's debt service requirements for the fiscal year.

The issuance of the 2015 Series bonds required an advance refunding of the outstanding 2007 series bonds. In order to accomplish this, the University deposited funds with an escrow agent. Once the funds were transferred, the University considered the 2007 series bonds defeased legally and in substance which resulted in a loss in the amount of $8,224 which is recorded within the statements of activities for the year ended June 30, 2015.

Note 10 – Defined Contribution Plan

The University has a defined contribution retirement plan covering substantially all employees under arrangements with the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) 403(b) plan. Retirement plan expense was approximately $3,893 and $3,711 for the years ended June 30, 2015 and 2014, respectively.

Note 11 – Endowments

The University's endowment consists of approximately 420 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 11 – Endowments (continued)

Interpretation of relevant law – The State of Oregon has enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act), the provisions of which apply to endowment funds. The Board of Regents of the University has interpreted the Act as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature that are reported in unrestricted net assets as of June 30, 2015 and 2014.

Return objectives and risk parameters – The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Regents, the endowment assets are invested in a manner that is intended to produce results over the long-term that meet or exceed the aggregate amount needed to support both the endowment spending policy and growth in principal commensurate with the rate of inflation.

(in thousands)

Note 11 – Endowments (continued)

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

Spending policy and how the investment objectives relate to spending policy – The University has a policy of appropriating for distribution each year 4.5% of its endowment fund's average market value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the University considered the long-term expected return on its endowment, which is expected to exceed this appropriation by, at least, the general rate of inflation. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, or for a specified term, as well as to provide additional real growth through new gifts and investment.

Endowment net asset composition by type of fund at June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ -	$ 55,793	$ 75,771	$ 131,564
Funds functioning as endowment	26,325	-	-	26,325
	$ 26,325	$ 55,793	$ 75,771	$ 157,889

(in thousands)

Note 11 – Endowments (continued)

Changes in endowment net assets for the year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 25,075	$ 49,303	$ 72,594	$ 146,972
Investment return				
Investment income	230	1,117	-	1,347
Net appreciation	1,831	8,880	-	10,711
Total investment return	2,061	9,997	-	12,058
Contributions	27	-	3,167	3,194
Investment return on endowment, distributed	(865)	(3,507)	-	(4,372)
Other changes	27	-	10	37
Endowment net assets, end of year	$ 26,325	$ 55,793	$ 75,771	$ 157,889

Endowment net asset composition by type of fund at June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ -	$ 49,303	$ 72,594	$ 121,897
Funds functioning as endowment	25,075	-	-	25,075
	$ 25,075	$ 49,303	$ 72,594	$ 146,972

(in thousands)

Note 11 – Endowments (continued)

Changes in endowment net assets for the year ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 21,263	$ 33,561	$ 67,329	$ 122,153
Investment return				
Investment income	301	1,381	-	1,682
Net appreciation	3,811	17,475	-	21,286
Total investment return	4,112	18,856	-	22,968
Contributions	52	-	5,116	5,168
Investment return on endowment, distributed	(632)	(3,114)	-	(3,746)
Other changes	280	-	149	429
Endowment net assets, end of year	$ 25,075	$ 49,303	$ 72,594	$ 146,972

Note 12 – Net Assets Released from Restrictions

During 2015 and 2014, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	June 30, 2015	June 30, 2014
Capital projects	$ 9,819	$ 5,490
Endowment related	3,507	3,114
Scholarships	678	765
Operations support	225	6
	$ 14,229	$ 9,375

(in thousands)

Note 13 – Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	June 30, 2015	June 30, 2014
Investments restricted for payments to annuity and trust beneficiaries	$ 891	$ 1,119
Unappropriated appreciation on permanently restricted endowments	55,793	49,303
Gifts and bequests restricted for investment in land, buildings, and equipment	10,111	10,937
Scholarships	486	591
Other temporary restricted net assets	872	1,230
Total temporarily restricted net assets	$ 68,153	$ 63,180

Note 14 – Permanently Restricted Net Assets

Permanently restricted net assets consist of the following:

	June 30, 2015	June 30, 2014
Endowment funds	$ 75,771	$ 72,594
Annuities and trusts	6,534	6,462
Loan fund	4,562	4,410
Total permanently restricted net assets	$ 86,867	$ 83,466

Note 15 – University Support Fund-Raising Expense

Included in general institutional expense was approximately $2,409 and $2,630, for the year ended June 30, 2015 and 2014, respectively, of expenses related to fund-raising, exclusive of expenditures for alumni relations and news and publications.

Note 16 – Legal Contingencies

The University is subject to legal proceedings generally incidental to its business. Although the final outcome of any legal proceeding is subject to many variables and cannot be predicted with any degree of certainty, the University presently believes that the ultimate outcome resulting from these proceedings would not have a material effect on the University's financial position or changes in its net assets.

Note 17 – Concentration of Credit Risk

Financial instruments that potentially subject the University to concentrations of credit risk consist principally of cash and cash equivalents, marketable securities and other investments, and accounts and loans receivable. The University places substantially all of its cash and liquid investments with financial institutions; however, cash balances generally exceed federally insured limits. Marketable securities, consisting of both debt and equity instruments, are generally placed in a variety of managed funds administered by an investment manager. Student loans and receivables are due from a variety of sources. As of June 30, 2015 and 2014, management considers the University to have no significant concentration of credit risk.

Beneficial interest in assets held by others represents 34% and 35% of total assets at June 30, 2015 and 2014, respectively.