BROWN UNIVERSITY

Financial Statements

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

KPMG

KPMG LLP
6th Floor, Suite A
100 Westminster Street
Providence, RI 02903-2321

Independent Auditors' Report

The President and Corporation
Brown University:

We have audited the accompanying financial statements of Brown University, which comprise the balance sheets as of June 30, 2016 and 2015, 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brown University as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 28, 2016

BROWN UNIVERSITY

Balance Sheets

June 30, 2016 and 2015

(Dollars in thousands)

Assets		**2016**	**2015**
Cash and cash equivalents	$	72,414	51,188
Accounts receivable and other assets		55,386	45,610
Contributions receivable, net		170,904	161,786
Notes receivable, net		31,188	31,972
Funds held in trust by others		75,055	68,253
Investments		3,530,605	3,709,288
Land, buildings and equipment, net		1,064,631	1,064,105
Total assets	$	5,000,183	5,132,202
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	$	57,993	52,321
Liabilities associated with investments		74,750	134,127
Student deposits and grant advances		62,769	63,097
Federal student loan advances		24,496	24,416
Split-interest obligations		21,335	22,613
Other long-term obligations		111,883	70,760
Bonds, loans and notes payable		844,676	845,227
Total liabilities		1,197,902	1,212,561
Net assets:			
Unrestricted		891,985	992,318
Temporarily restricted		1,471,106	1,544,744
Permanently restricted		1,439,190	1,382,579
Total net assets		3,802,281	3,919,641
Total liabilities and net assets	$	5,000,183	5,132,202

See accompanying notes to financial statements.

BROWN UNIVERSITY

Statement of Activities

Year ended June 30, 2016

(Dollars in thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenues:				
Tuition and fees	$ 482,464	—	—	482,464
Less university scholarships	(175,175)	—	—	(175,175)
Net tuition and fees	307,289	—	—	307,289
Grants and contracts – direct	120,594	—	—	120,594
Grants and contracts – indirect	40,432	—	—	40,432
Contributions	63,185	27,099	—	90,284
Endowment return appropriated	152,786	674	—	153,460
Sales and services of auxiliary enterprises	92,655	—	—	92,655
Other income	36,891	—	—	36,891
Net assets released from restrictions	12,086	(12,086)	—	—
Total operating revenues	825,918	15,687	—	841,605
Operating expenses:				
Salaries and wages	337,020	—	—	337,020
Employee benefits	99,605	—	—	99,605
Graduate student support	66,236	—	—	66,236
Purchased services	78,443	—	—	78,443
Supplies and general	111,266	—	—	111,266
Utilities	27,841	—	—	27,841
Other	15,650	—	—	15,650
Interest	29,012	—	—	29,012
Operating expenses before depreciation	765,073	—	—	765,073
Net change from operating activities before depreciation	60,845	15,687	—	76,532
Depreciation	73,156	—	—	73,156
Change in net assets from operating activities	(12,311)	15,687	—	3,376
Nonoperating activities:				
Contributions	2,085	68,602	55,275	125,962
Net investment return	(17,713)	(25,361)	(4,423)	(47,497)
Endowment return appropriated	(26,795)	(126,665)	—	(153,460)
Other changes, net	(45,912)	(5,588)	5,759	(45,741)
Net assets released from restrictions	313	(313)	—	—
Change in net assets from nonoperating activities	(88,022)	(89,325)	56,611	(120,736)
Change in net assets	(100,333)	(73,638)	56,611	(117,360)
Net assets, beginning of year	992,318	1,544,744	1,382,579	3,919,641
Net assets, end of year	$ 891,985	1,471,106	1,439,190	3,802,281

See accompanying notes to financial statements.

BROWN UNIVERSITY

Statement of Activities

Year ended June 30, 2015

(Dollars in thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenues:				
Tuition and fees	$ 450,532	—	—	450,532
Less university scholarships	(161,460)	—	—	(161,460)
Net tuition and fees	289,072	—	—	289,072
Grants and contracts – direct	113,033	—	—	113,033
Grants and contracts – indirect	38,425	—	—	38,425
Contributions	68,760	29,932	—	98,692
Endowment return appropriated	136,878	5,847	—	142,725
Sales and services of auxiliary enterprises	90,022	—	—	90,022
Other income	36,696	—	—	36,696
Net assets released from restrictions	15,799	(15,799)	—	—
Total operating revenues	788,685	19,980	—	808,665
Operating expenses:				
Salaries and wages	322,533	—	—	322,533
Employee benefits	93,351	—	—	93,351
Graduate student support	64,600	—	—	64,600
Purchased services	71,696	—	—	71,696
Supplies and general	110,511	—	—	110,511
Utilities	29,624	—	—	29,624
Other	16,584	—	—	16,584
Interest	30,634	—	—	30,634
Operating expenses before depreciation	739,533	—	—	739,533
Net change from operating activities before depreciation	49,152	19,980	—	69,132
Depreciation	71,424	—	—	71,424
Change in net assets from operating activities	(22,272)	19,980	—	(2,292)
Nonoperating activities:				
Contributions	1,213	29,228	55,890	86,331
Net investment return	28,555	124,013	318	152,886
Endowment return appropriated	(21,498)	(121,227)	—	(142,725)
Other changes, net	(6,299)	(14,100)	(6,907)	(27,306)
Net assets released from restrictions	10,121	(10,121)	—	—
Change in net assets from nonoperating activities	12,092	7,793	49,301	69,186
Change in net assets	(10,180)	27,773	49,301	66,894
Net assets, beginning of year	1,002,498	1,516,971	1,333,278	3,852,747
Net assets, end of year	$ 992,318	1,544,744	1,382,579	3,919,641

See accompanying notes to financial statements.

BROWN UNIVERSITY

Statements of Cash Flows

Years ended June 30, 2016 and 2015

(Dollars in thousands)

		2016	2015
Cash flows from operating activities:			
Change in net assets	$	(117,360)	66,894
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Net realized and unrealized losses (gains) on investments		53,967	(147,624)
Depreciation		73,156	71,424
Amortization of bond premium		(4,066)	(4,066)
Loss from disposals of land, building and equipment		2,594	1,804
Change in funded status of pension obligation		19,597	6,824
Change in fair value of interest rate swap liabilities		21,520	8,666
Change in asset retirement obligation		6	1,065
Change in estimate of split-interest obligations		1,024	6,207
Contributions restricted for plant and endowment		(103,941)	(76,976)
Change in accounts receivable and other assets		(9,633)	2,087
Change in accounts payable and accrued liabilities		1,264	(2,543)
Change in contributions receivable, net		(9,118)	(11,393)
Change in other operating liabilities, net		(248)	4,318
Net cash used in operating activities		(71,238)	(73,313)
Cash flows from investing activities:			
Additions to land, buildings and equipment		(94,053)	(87,575)
Purchases of investments		(2,046,123)	(1,345,394)
Sales and redemptions of investments		2,139,249	1,273,390
Purchases of securities sold short		(544,136)	(33,365)
Proceeds from securities sold short		518,504	147,403
Notes repaid by students and others, net		784	161
Change in funds held in trust by others, excluding swap collateral		7,198	56,591
Net cash (used in) provided by investing activities		(18,577)	11,211
Cash flows from financing activities:			
Contributions restricted for plant and endowment		103,941	76,976
Proceeds from sale of restricted gifts of securities		20,030	20,394
Payments under split-interest obligations		(2,302)	(2,331)
Payments on long-term debt		(25,955)	(20,825)
Proceeds from issuance of debt, including premium		95,000	—
Proceeds from commercial paper programs		—	14,530
Payments on commercial paper programs		(65,530)	—
Cash collateral posted under swap agreements		(25,700)	(16,100)
Cash collateral returned under swap agreements		11,700	15,100
Advance from line of credit		90,000	—
Payment of advance from line of credit		(90,000)	—
Bond issuance costs		(143)	—
Net cash provided by financing activities		111,041	87,744
Change in cash and cash equivalents		21,226	25,642
Cash and cash equivalents, beginning of year		51,188	25,546
Cash and cash equivalents, end of year	$	72,414	51,188

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Brown University is a private, not-for-profit, nonsectarian, co-educational institution of higher education with approximately 6,300 undergraduate students and 2,750 graduate and medical students. Established in 1764, Brown University offers educational programs for undergraduates in liberal arts and engineering, professional training for students pursuing a career in medicine, and graduate education and training in the arts and sciences, engineering and medicine.

(b) Basis of Presentation and Tax Status

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and present balances and transactions according to the existence or absence of donor-imposed restrictions.

The John Nicholas Brown Center for the Study of American Civilization; Fairview Incorporated, a real estate holding company; KARING, a Rhode Island not-for-profit corporation that holds certain property of the Warren Alpert Medical School; and certain limited liability partnerships established by the University's investment office that holds certain investment funds, are all separate legal entities that are consolidated in the financial statements. Brown University and these consolidated entities are collectively referred to herein as the University. All significant inter-entity transactions and balances have been eliminated.

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended, and is generally exempt from income taxes. The University assesses uncertain tax positions and determined that there are no such positions that have a material effect on the financial statements.

(c) Classification of Net Assets

The University is incorporated in and subject to the laws of Rhode Island, which contain the provisions outlined in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, the net assets of a donor-restricted endowment fund may be appropriated for expenditure by the Corporation of the University (the Corporation) in accordance with the standard of prudence prescribed by UPMIFA. The University has classified its net assets as follows:

- *Permanently restricted net assets* contain donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the University and primarily consist of the historic dollar value of contributions to establish or add to donor-restricted endowment funds.

- *Temporarily restricted net assets* contain donor-imposed stipulations as to the timing of their availability or use for a particular purpose. These net assets are released from restrictions when the specified time elapses or actions have been taken to meet the restrictions. Net assets of donor-restricted endowment funds in excess of their historic dollar value are classified as temporarily restricted net assets until appropriated by the Corporation and spent in accordance with the standard of prudence imposed by UPMIFA.
- *Unrestricted net assets* contain no donor-imposed restrictions and are available for the general operations of the University. Such net assets may be designated by the Corporation for specific purposes, including to function as endowment funds.

(d) Fair Value Measurements

Investments, funds held in trust by others, and interest rate swaps are reported at fair value in the University’s financial statements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. The University uses a three-tiered hierarchy to categorize those assets and liabilities based on the valuation methodologies employed. The hierarchy is defined as follows:

- Level 1 – Valuation based on quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;
- Level 2 – Valuations based on inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Valuation based on unobservable inputs used in situations in which little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Transfers between categories occur when there is an event that changes the inputs used to measure the fair value of an asset or liability. Transfers between fair value categories are recognized at the end of the reporting period.

Investments measured at net asset value as a practical expedient to estimate fair value are not categorized in the fair value hierarchy.

(e) Statements of Activities

The statements of activities separately report changes in net assets from operating and nonoperating activities. Operating activities consist principally of revenues and expenses related to ongoing educational and research programs, including endowment return appropriated by the Corporation to support those programs. Nonoperating activities consist of net investment return, an offset for endowment return appropriated for operating activities, changes in fair values of interest rate swaps, change in pension plan and other long-term obligations, contributions for long-term purposes, net assets released from donor restrictions for property placed in service, and other activities not in direct support of annual operations.

Revenues are derived from various sources, as follows:

- Tuition and fees are recognized at established rates, net of financial aid and scholarships provided directly to students, in the period in which the sessions are primarily provided. Deposits and other advance payments are reported as a liability. Sales and services of auxiliary enterprises are recognized at the time the services are provided.
- Contributions, including unconditional promises from donors reported as contributions receivable, are recognized at fair value in the period received and are classified based upon the existence or absence of donor-imposed restrictions. Expirations of donor-imposed restrictions are reported as net assets released from restrictions. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted revenue. Bequest intentions and conditional promises are not recorded in the University's financial statements.
- Government grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. The University recognizes revenue associated with direct and indirect costs as direct costs are incurred. The recovery of indirect costs is pursuant to an agreement which provides for a predetermined fixed indirect cost rate. Payments received in advance of grant and contract expenditures are reported as a liability.
- Dividends, interest and realized and unrealized gains (losses) on investments are reported as increases (decreases) in (1) permanently restricted net assets if the terms of the contributions require them to be added to principal; (2) temporarily restricted net assets if the terms of the related contributions impose restrictions on their availability or use; or (3) unrestricted net assets in all other cases. Investment return attributable to donor-restricted endowment funds is reported as temporarily restricted to the extent not appropriated and spent.

Expenses are reported as decreases in unrestricted net assets.

(f) Cash Equivalents

For purposes of the statements of cash flows, cash equivalents, except for those held by investment managers, consist of money market funds and investments with original maturities of three months or less and are carried at cost, which approximates fair value.

(g) Accounts Receivable and Other Assets and Notes Receivable

Accounts receivable and other assets include amounts due from students, reimbursements due from sponsors of externally funded research, accrued income on investments, inventory and prepaid expenses. Notes and accounts receivable are presented net of an allowance for uncollectible amounts.

(h) Land, Buildings and Equipment

Land, buildings and equipment are stated at cost of acquisition or construction (including capitalized interest) or, to the extent received as a gift, at estimated fair value at the time of receipt, and are presented net of accumulated depreciation. All other expenditures for maintenance and repairs are charged to operating activities as incurred.

Depreciation is calculated using the straight-line method with estimated useful lives of 30-to-40 years for buildings, 20-to-30 years for building improvements, and 3-to-15 years for equipment, depending upon asset class.

(i) Fund Held in Trust by Others

Funds held in trust by others represent funds that are held and administered by outside trustees, including perpetual trusts established by donors of $39,312 and $22,411 at June 30, 2016 and 2015, respectively. The University receives all or a specified portion of the return on the underlying assets of most of the trusts, which is primarily restricted for scholarships. Most of these trust interests are classified in Level 3 in the fair value hierarchy. Other trusteed funds of $35,743 and $45,842 at June 30, 2016 and 2015, respectively, represent debt proceeds to be utilized for construction projects or otherwise required to be held as collateral or in reserve in accordance with debt or interest rate swap agreements. These are classified in Level 1 in the fair value hierarchy because the underlying securities held by the trustee are based on quoted market prices.

(j) Federal Student Loan Advances

The University holds certain amounts advanced by the U.S. government under the Federal Perkins Loan Program and the Health Professions Student Loan Program (the Programs). Such amounts may be re-loaned by the University after collection; however, in the event that the University no longer participates in the Programs, the amounts are generally refundable to the U.S. government.

(k) Collections

The University's collections include works of art, historical treasures, and artifacts that are maintained in the University's libraries and museums. These collections are protected and preserved for education and research purposes. The collections are not recognized as assets in the financial statements of the University.

(l) Derivatives

The University uses derivatives for both debt and investment-related purposes. Interest-rate swaps, as described in note 6 *(c)*, were initially used to manage interest-rate risk by fixing the rate on associated variable-rate debt issuances. In addition, certain of the University's investment strategies utilize various derivative financial instruments for a number of investment purposes, including hedging or altering exposure to certain asset classes and cost-effectively adding exposures to portions of the portfolio. Positions are expected to create gains or losses which, when combined with the applicable portion of the total investment portfolio, provide an expected result. Among the derivative instruments that may be entered from time to time include total return swaps to manage exposures in equity markets, foreign currency forward contracts to manage currency exposures in the portfolio, as well as credit default swaps. The University has established policies and procedures to monitor and manage risks related to these instruments. In connection with its investment derivative activities, the University generally maintains master netting agreements and collateral agreements with its counterparties. The agreements provide the University the right, in the event of default by the counterparty, to net a counterparty's rights and obligations under the agreement and to liquidate and offset collateral against any net amount owed by the counterparty.

(m) Liabilities Associated with Investments

The University may, from time to time, incur liabilities associated with its investments portfolio as a result of securities sold short or other transactions. In order to terminate a short position, the University must acquire and deliver to the lender a security identical to the one it borrowed and sold short, and a realized gain or loss is recognized for the difference between the short sale proceeds and the cost of the identical security acquired. Liabilities reported on the balance sheets at June 30, 2016 and 2015 include $72,456 and $121,869, respectively, representing the fair value of identical securities that must be acquired to settle obligations to the lender. The liabilities would be classified as Level 1 in the fair value hierarchy given that they are measured based on quoted market prices. In addition, liabilities associated with investments include the fair value of credit default swaps of $10,511 at June 30, 2015, as well as $2,294 and $1,746 related to the fair value of total return swaps entered into in fiscal 2016 and 2015, respectively.

(n) Other Long-Term Obligations

Other long-term obligations include the funded status of the defined benefit pension plan of $39,221 and $19,624 at June 30, 2016 and 2015, respectively; interest-rate swap liabilities aggregating $59,356 and $37,836 at June 30, 2016 and 2015, respectively; and asset retirement obligations of $13,306 and $13,300 at June 30, 2016 and 2015, respectively.

(o) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(Continued)

(Dollars in thousands)

(2) Contributions Receivable

The University's contributions receivable are recognized net of discounts at rates commensurate with the risks involved and after allowance for uncollectibles are reported at net realizable value, which approximates fair value. Contributions receivable were as follows at June 30:

		2016	2015
Contributions expected to be received in:			
Less than one year	$	80,946	39,350
Between one and five years		87,293	121,186
More than five years		25,030	24,598
Gross contributions receivable		193,269	185,134
Unamortized discount (at rates ranging from 0.7% to 4.8%) and allowance for uncollectibles		(22,365)	(23,348)
Contributions receivable, net	$	170,904	161,786

(3) Investments

Investment Strategy

In addition to traditional stocks and fixed-income securities, the University may also hold shares or units in institutional funds as well as in alternative investment funds involving hedged, private equity and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments, and are valued accordingly. Private equity funds employ buyout and venture capital strategies and may focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts (REITs), commercial properties or commodities, or oil and gas, generally through commingled funds. Private equity and real asset strategies therefore often require the estimation of fair values by fund managers in the absence of readily determinable market values.

Investments also include assets related to donor annuities, pooled income funds, and charitable remainder trusts. Certain of these funds are held in trust by the University for one or more beneficiaries who are generally paid lifetime income, after which the principal is made available to the University in accordance with donor restrictions, if any. The assets are reported at fair value and related liabilities, which are reported as split-interest obligations, represent the present value of estimated future payments to beneficiaries.

Basis of Reporting

Investments are reported at estimated fair value. If an investment is held directly by the University and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Fair values for shares in registered mutual funds are based on published share prices. The University's interests in alternative investment funds are generally reported at the net asset value (NAV) reported by the fund managers and assessed as reasonable by the University, which is used as a practical expedient to estimate the fair value of the University's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. At June 30, 2016 and 2015, the University had no plans or intentions to sell investments at amounts different from NAV.

Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

(Dollars in thousands)

The following tables summarize the University's investments by strategy type as of June 30, 2016 and 2015:

	2016				
		Investments classified in the fair value hierarchy			
	Investments measured at NAV	Level 1	Level 2	Level 3	Total
Investments:					
Equities:					
U.S. equities	$ 122,028	126,253	—	678	248,959
Non-U.S. equity funds	445,764	59,488	—	—	505,252
Fixed income:					
Domestic	95,357	14,945	78,394	43,201	231,897
U.S. Treasury inflation-protected	14,932	—	—	—	14,932
Hedged strategies:					
General arbitrage funds	418,011	—	—	—	418,011
Distressed funds	6,343	—	—	—	6,343
Global/Non-U.S. funds	883,756	—	—	—	883,756
Private equity:					
Buy-out funds	365,689	—	—	—	365,689
Venture funds	276,836	—	—	2,842	279,678
Real assets:					
Real estate and timber	50,310	1,694	—	30,896	82,900
Commodities, oil and gas	90,803	—	3,374	8,807	102,984
Cash and cash equivalents	—	390,204	—	—	390,204
Total	$ 2,769,829	592,584	81,768	86,424	3,530,605

(Dollars in thousands)

	2015				
		Investments classified in the fair value hierarchy			
	Investments measured at NAV	Level 1	Level 2	Level 3	Total
Investments:					
Equities:					
U.S. equities	$ 180,916	134,385	6,849	147	322,297
Non-U.S. equity funds	425,504	135,909	—	—	561,413
Fixed income:					
Domestic	110,367	5,566	108,645	46,295	270,873
U.S. Treasury inflation-protected	22,608	—	—	—	22,608
Hedged strategies:					
General arbitrage funds	259,778	—	—	—	259,778
Distressed funds	7,412	—	—	—	7,412
Global/Non-U.S. funds	913,534	—	—	—	913,534
Private equity:					
Buy-out funds	415,881	—	—	—	415,881
Venture funds	286,593	—	—	—	286,593
Real assets:					
Real estate and timber	84,203	1,742	1,231	1,036	88,212
Commodities, oil and gas	171,425	—	—	—	171,425
Cash and cash equivalents	—	389,262	—	—	389,262
Total	$ 2,878,221	666,864	116,725	47,478	3,709,288

Registered mutual funds and directly held equity securities are classified in Level 1 of the fair value hierarchy. Investments classified in Level 2 and 3 consist of directly held investments that have valuations based on inputs other than quoted prices.

Certain funds contain "rolling" lock-up provisions. Under such provisions, tranches of the investment are available for redemption once every two to five years, if the University makes a redemption request prior to the next available withdrawal date in accordance with the notification terms of the agreement. Private equity and real assets are held in funds that have initial terms of ten to twelve years with extensions of one to three years, and have an average remaining life of approximately three to five years.

(Dollars in thousands)

The following tables present activities for the years ended June 30, 2016 and 2015 for the University's investments classified in Level 3:

		2016				
Level 3 roll forward		**Equities**	**Fixed income**	**Private equity**	**Real assets**	**Total**
Fair value as of June 30, 2015	$	147	46,295	—	1,036	47,478
Acquisitions		—	63,022	—	1,760	64,782
Dispositions		—	(72,813)	—	(4,981)	(77,794)
Transfers in		607	—	3,397	43,188	47,192
Net realized and unrealized gains		(76)	6,697	(555)	(1,300)	4,766
Fair value at June 30, 2015	$	678	43,201	2,842	39,703	86,424

		2015			
Level 3 roll forward		**Equities**	**Fixed income**	**Real assets**	**Total**
Fair value as of June 30, 2014	$	528	49,665	1,036	51,229
Acquisitions		—	30,941	—	30,941
Dispositions		—	(37,283)	—	(37,283)
Net realized and unrealized gains		(381)	2,972	—	2,591
Fair value at June 30, 2015	$	147	46,295	1,036	47,478

On June 30, 2016, the University reclassified $22,185 in commercial real estate from land, building and equipment to investments. The commercial real estate will be held for long-term investment purposes, is carried at fair value, and is classified in Level 3 of the fair value hierarchy. There were no transfers between Levels 1 and 2 and no transfers between Levels 2 and 3 in 2016 and 2015, respectively.

The following summarizes investment return components for the years ended June 30, 2016 and 2015:

		2016	**2015**
Interest and dividends	$	17,002	16,385
Net realized and unrealized (losses) gains, net of investment management and advisory expenses		(53,967)	147,624
Investment return	$	(36,965)	164,009

(Dollars in thousands)

Total investment return is included in the statements of activities as follows for the years ended June 30:

	2016	2015
Operating:		
Endowment return appropriated	$ 153,460	142,725
Included in other income	10,532	11,123
Nonoperating activities:		
Net investment return	(47,497)	152,886
Endowment return appropriated	(153,460)	(142,725)
Total return	$ (36,965)	164,009

Total investment management and advisory expenses, including internal costs, were $18,816 and $21,942 for the years ended June 30, 2016 and 2015, respectively, and have been netted against the total return.

(a) Liquidity

Investment liquidity as of June 30, 2016 and 2015 is aggregated below based on redemption or sale ability:

2016	Daily	Monthly	Quarterly	Semi-annually to annually	Subject to rolling lock-ups	Illiquid	Total
Equities	$ 189,306	—	179,255	115,013	264,723	5,914	754,211
Fixed income	122,399	21,980	—	—	45,068	57,382	246,829
Hedged strategies	31,755	259,316	99,558	184,853	709,134	23,494	1,308,110
Private equity	—	—	—	—	—	645,367	645,367
Real assets	5,067	—	—	—	—	180,817	185,884
Cash and cash equivalents	390,204	—	—	—	—	—	390,204
Total	$ 738,731	281,296	278,813	299,866	1,018,925	912,974	3,530,605

2015	Daily	Monthly	Quarterly	Semi-annually to annually	Subject to rolling lock-ups	Illiquid	Total
Equities	$ 280,672	—	211,639	180,890	202,485	8,024	883,710
Fixed income	156,497	51,926	—	—	81,048	4,010	293,481
Hedged strategies	—	198,079	—	134,958	816,975	30,712	1,180,724
Private equity	—	—	—	—	—	702,474	702,474
Real assets	2,973	72,145	—	—	—	184,519	259,637
Cash and cash equivalents	389,262	—	—	—	—	—	389,262
Total	$ 829,404	322,150	211,639	315,848	1,100,508	929,739	3,709,288

(Dollars in thousands)

Investments with daily liquidity generally do not require advance notice prior to withdrawal. Investments with monthly, quarterly, semi-annual, and annual redemption frequency typically require notice periods, ranging from 5 to 180 days, at June 30, 2016 and 2015.

(b) Commitments

Private equity and real asset investments are generally made through limited partnerships. Under the terms of these agreements, the University is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. These partnerships have a limited existence, generally ten years, and such agreements may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year is uncertain. The aggregate amount of unfunded commitments associated with private equity and real assets as of June 30, 2016 was $372,981 and $101,323, respectively.

(c) Investment Derivatives

The University's investment-related derivative positions, categorized by primary underlying risk, are as follows as of June 30, 2016 and 2015:

		2016		
		Long notional	**Short notional**	**Unrealized gain**
Instrument type:				
Total return swaps	$	143,320	(44,829)	3,493
Foreign currency forwards		88,979	(96,540)	578
Total	$	232,299	(141,369)	4,071

		2015		
		Long notional	**Short notional**	**Unrealized loss**
Instrument type:				
Total return swaps	$	52,331	(28,714)	(1,367)
Foreign currency forwards		340,000	—	(1,535)
Total	$	392,331	(28,714)	(2,902)

(Dollars in thousands)

Contracts in a net asset position are included in investments on the balance sheets, and contracts in a net liability position are included in liabilities associated with investments on the balance sheets. At June 30, 2016 and 2015, the University held certain total return swaps in a net liability position of $2,157 and $1,747, respectively, as well as certain total return swaps in a net asset position of $5,650 and $380, respectively. At June 30, 2016, the University held various foreign currency forward contracts in a net liability position of $434 and in a net asset position of $1,012. The University did not hold any foreign currency forward contracts as of June 30, 2015. At June 30, 2015, the University held certain credit default swaps in a liability position with a fair value of $10,511. The University posted collateral on these credit default swaps of $10,690, which is included in domestic fixed income investments in the 2015 fair value hierarchy table in note 3. In 2016, the credit default swaps were terminated.

(4) Endowment

The University's endowment consists of approximately 2,900 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Corporation to function as endowments. Net assets associated with the endowment are classified and reported based upon the existence or absence of donor-imposed restrictions.

Endowment net assets consist of the following at June 30, 2016:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	(9,098)	1,132,476	1,315,362	2,438,740
Corporation-designated endowment funds		445,275	79,351	—	524,626
Total endowment net assets	$	436,177	1,211,827	1,315,362	2,963,366

Endowment net assets consist of the following at June 30, 2015:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	(1,795)	1,288,076	1,250,406	2,536,687
Corporation-designated endowment funds		477,319	59,343	—	536,662
Total endowment net assets	$	475,524	1,347,419	1,250,406	3,073,349

(Continued)

(Dollars in thousands)

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment at June 30, 2015	$	475,524	1,347,419	1,250,406	3,073,349
Investment return, net		(14,844)	(28,937)	—	(43,781)
Endowment return appropriated		(26,795)	(126,665)	—	(153,460)
Contributions		433	20,160	63,091	83,684
Reclassifications and other changes		1,859	(150)	1,865	3,574
Endowment at June 30, 2016	$	436,177	1,211,827	1,315,362	2,963,366

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

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment at June 30, 2014	$	473,111	1,336,091	1,190,547	2,999,749
Investment return, net		22,058	124,912	—	146,970
Endowment return appropriated		(21,498)	(121,227)	—	(142,725)
Contributions		1,213	8,068	51,529	60,810
Reclassifications and other changes		640	(425)	8,330	8,545
Endowment at June 30, 2015	$	475,524	1,347,419	1,250,406	3,073,349

(a) Interpretation of Relevant Laws

The portion of donor-restricted endowment funds 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 University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the University and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policies of the University

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Deficiencies of this nature, which are reported in unrestricted net assets, aggregated $9,098 and $1,795 as of June 30, 2016 and 2015, respectively. These deficiencies resulted principally from investment losses and continued appropriation for certain programs that was deemed prudent by the Corporation. Subsequent gains that restore the fair value of the assets of these endowment funds to their historic dollar value will be classified as increases in unrestricted net assets.

(c) 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, including both donor-restricted and designated funds. The long-term investment return objective is formulated to maintain purchasing power after accounting for both inflation and spending. The Corporation has set a long-term return goal at 5.5% above the higher education price index. Actual returns in any given year or period of years may vary from this amount.

(d) 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 to achieve its long-term return objectives within prudent risk constraints.

(e) Spending Policy and How the Investment Objectives Relate to Spending Policy

The University invests its endowment funds and allocates the related return for expenditure in accordance with the total return concept. The endowment utilization is determined in accordance with the policy adopted by the Corporation. This policy fixes the spending range between 4.5% and 5.5% of the average fair value of applicable endowments over the prior twelve quarters, with the objective being to hold the spending rate to no more than a 5% average over time. Applicable endowments include Corporation-designated and donor-designated endowment funds.

(Continued)

(Dollars in thousands)

(5) Land, Buildings and Equipment

Land, buildings and equipment include the following at June 30:

		2016	2015
Land	$	83,940	85,110
Buildings		641,432	648,645
Improvements		998,343	966,207
Equipment		187,667	172,197
Intangible assets		2,633	1,988
Construction in progress		67,757	50,056
		1,981,772	1,924,203
Accumulated depreciation		(917,141)	(860,098)
Land, buildings and equipment, net	$	1,064,631	1,064,105

Outstanding commitments on uncompleted construction contracts total $74,744 at June 30, 2016.

(Dollars in thousands)

(6) Bonds, Loans and Notes Payable

The University has entered into various agreements primarily for the purpose of financing the acquisition, renovation, and improvement of its facilities. The bonds, loans and notes payable outstanding for these purposes are as follows:

Name of issue	Interest rate(s)	Type of rate	Final maturity	Balance at June 30 2016	Balance at June 30 2015
Rhode Island Health and Education Building Corporation (RIHEBC) Facilities Revenue Bonds:					
Series 2003B	0.05%	Variable	2043	$ 41,650	42,105
Series 2005A	0.04%	Variable	2035	85,500	85,500
Series 2007	4.25%–5.00%	Fixed	2037	88,295	90,010
Series 2009	5.00%	Fixed	2039	70,795	70,795
Series 2011	2.50%–5.00%	Fixed	2032	55,060	59,190
Series 2012	5.00%	Fixed	2022	118,240	118,240
Series 2013	3.00%–5.00%	Fixed	2044	135,310	137,865
Series 2015	0.67%	Variable	2044	45,000	—
Tax-exempt commercial paper	0.05%–0.06%	Fixed	2016	—	15,530
Taxable standard commercial Paper Notes, Series A	0.09%–0.11%	Fixed	2016	—	50,000
Brown University Taxable Bonds:					
Series 2005	5.09%	Fixed	2016	—	17,000
Series 2009	4.57%	Fixed	2019	100,000	100,000
Commercial bank term loan	0.75%	Variable	2019	50,000	—
Promissory note	non-interest bearing	N/A	2029	3,400	3,500
Loans payable – community: Development entities	1.22%	Fixed	2041	13,748	13,748
Total bonds, loans and notes payable before premium				806,998	803,483
Unamortized premium				37,678	41,744
Total bonds, loans and notes payable				$ 844,676	845,227

(a) *Tax Exempt Bonds*

The University's tax exempt debt, primarily Facilities Revenue Bonds, is issued through RIHEBC, a state agency serving as a conduit issuer of tax exempt debt. The University is required under certain of its financing agreements with RIHEBC to appropriate funds from operating and other net assets for payment of principal and interest and for maintenance of the related properties. The Revenue Bonds currently outstanding were issued primarily to finance new and ongoing capital projects, student housing, academic, research and administrative buildings, and infrastructure.

(Dollars in thousands)

In October 2015, the University issued through RIHEBC tax-exempt direct placement bonds with a total par value of $45,000 at a variable interest rate, maturing in 2046. The proceeds were used to redeem $17,000 of Series 2005 Taxable bonds and pay down $14,470 of RIHEBC Tax-exempt commercial paper program, with remaining proceeds to be used for capital projects.

In September 2014, the University refinanced $14,530 of its 2004 RIHEBC Facilities Revenue Bonds. The current refunding was financed by the issuance of $14,530 tax exempt commercial paper under its RIHEBC tax exempt commercial paper program.

(b) Taxable Bonds and Other Debt

The University's debt includes two taxable bond issues. Series 2005 Taxable Bonds were issued to finance a portion of the acquisition cost of an office building. The Series 2005 Taxable Bonds were redeemed in 2016 with the issuance of the Series 2015 RIHEBC Facilities Revenue Bonds. Series 2009 Taxable Bonds were issued to provide liquidity and to protect against a tightening in liquidity markets.

In addition, the University implemented a Taxable Commercial Paper Program in November 2005. The program provides for the issuance, up to $50,000, of Taxable Standard Commercial Paper Notes, Series A, and Taxable Extendible Commercial Paper Notes, Series B. The Taxable Commercial Paper Program has a number of individual notes that are issued at various times, amounts and staggered maturity dates. At June 30, 2016 there were no outstanding notes. The agreement allows the University to continue this revolving process until 2036.

In September 2015, the University borrowed $50,000 through a commercial bank term loan at a variable rate of one-month LIBOR plus 30 basis points, maturing in September 2018. The proceeds were used to pay down $50,000 outstanding in the Taxable Commercial Paper Program.

The University had also maintained a tax exempt commercial program through RIHEBC. This program was terminated in November 2015. Proceeds from the tax exempt commercial paper program had to be used within 18 months; however, once debt was issued, the University could continue to rollover the tax exempt commercial paper. As of June 30, 2016, there was no amount outstanding and as of June 30, 2015, $15,530 remained outstanding.

Principal payments of bonds, notes and loans payable as of June 30, 2016 for each of the succeeding five fiscal years ending June 30 and thereafter are as follows:

Fiscal year:		
2017	$	11,700
2018		12,035
2019		59,230
2020		111,895
2021		9,980
Thereafter		602,158
Total	$	806,998

(Dollars in thousands)

The University has a revolving line of credit available up to $40,000. As of June 30, 2016, the full amount of $40,000 was available at a rate of 1.22%. In July 2015, the University established an additional $100,000 line of credit, which matured in July 2016 and was subsequently renewed to mature in July 2017. As of June 30, 2016, the full amount of $100,000 was available at a rate of 0.87%.

In fiscal 2015, the University entered into two stand-by bond purchase agreements with financial institutions totaling approximately $127,000 in the event that the Series 2003B and Series 2005A bonds cannot be remarketed. Financing obtained through these stand-by credit agreements to fund the repurchase of such bonds would bear interest rates different from those associated with the original bond issues, and mature over a two-to-five year period. The agreements have various maturity dates between November 2017 and January 2020. There were no amounts outstanding at June 30, 2016 and 2015, respectively, under these agreements.

The University provided self-liquidity for its taxable commercial paper program at June 30, 2016 and 2015, respectively.

(c) Interest Rate Swaps

At June 30, 2016 and 2015, the University had two interest-rate swap agreements in place to effectively convert a portion of its variable-rate debt to fixed rates until maturity of the associated bonds. The notional amounts for the JPMorgan swap and the $85,500 Goldman Sachs swap match and amortize at the same rate as the associated debt principal.

As of June 30, the following interest-rate swap agreements were outstanding:

Counterparty	Associated debt	Expiration date	June 30, 2016 remaining notional value	Swap fixed rate	Fair value of liability at June 30 2016	Fair value of liability at June 30 2015
JP Morgan	Series 2003B	9/1/2043	$ 41,650	3.732%	$ (19,660)	(13,111)
Goldman Sachs	Series 2005A	5/1/2035	85,500	3.979	(36,019)	(21,927)
Goldman Sachs	None	9/1/2032	15,565	3.891	(3,677)	(2,798)
					$ (59,356)	(37,836)

The variable rate on the two Goldman Sachs swaps is based on the USD-BMA Municipal Swap Index. The variable rate on the JPMorgan swap is based on 67% of one-month LIBOR-BBA. The Goldman Sachs swaps require posting of collateral by either party at thresholds based on their respective credit ratings. Cash collateral must be posted by the University if the aggregate mark-to-market liability payable by the University exceeds $25,000. The JPMorgan swap stipulates that if the University meets a minimum credit rating there are no collateral posting requirements. This rating was maintained by the University at June 30, 2016 and 2015. At June 30, 2016, the collateral posting requirement was $14,696; however, $15,000 was on deposit as collateral to ensure continuing collateral coverage.

(Dollars in thousands)

Interest rate volatility, remaining outstanding notional value and time to maturity will affect each swap's fair value at subsequent reporting dates. To the extent the University holds a swap through its expiration date, the swap's fair value will reach zero. Because the swap fair values are based predominantly on observable inputs corroborated by market data, they are classified in Level 2 of the GAAP fair value hierarchy.

(7) Retirement Benefits

The University participates in two contributory retirement plans. The expense to the University, representing its contributions to the accounts of faculty and staff, was $23,255 and $23,417 for the years ended June 30, 2016 and 2015, respectively.

The Brown University Food Services and Plant Operations Employees' Pension Plan is a qualified, noncontributory defined benefit plan which provides pensions for certain full-time weekly paid employees. The policy of the University is to fund pension costs in accordance with the Employee Retirement Income Security Act of 1974, as amended.

Information regarding the defined benefit pension plan for the years ended June 30 is as follows:

		2016	2015
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	$	86,784	78,995
Service cost		3,850	3,539
Interest cost		3,707	3,278
Benefits paid		(2,075)	(1,984)
Actuarial loss		12,027	2,956
Projected benefit obligation at end of year	$	104,293	86,784

The projected benefit obligation was determined using the following assumptions as of June 30:

	2016	2015
Discount rate	3.48%	4.33%
Rate of compensation increase	3.00	3.00

(Continued)

(Dollars in thousands)

The following is a summary of activity under the plan for the years ended June 30:

		2016	2015
Change in plan assets:			
Fair value of plan assets at beginning of year	$	67,160	66,195
Actual return on plan assets		(1,513)	1,449
Contributions		1,500	1,500
Benefits paid		(2,075)	(1,984)
Fair value of plan assets at end of year		65,072	67,160
Projected benefit obligation at end of year		(104,293)	(86,784)
Funded status included in other long-term obligations	$	(39,221)	(19,624)

		2016	2015
Net periodic pension cost:			
Service cost	$	3,850	3,539
Interest cost		3,707	3,278
Expected return on assets		(4,337)	(4,596)
Amortization of unrecognized loss and prior service cost		1,150	744
Net periodic pension cost	$	4,370	2,965

Net periodic pension cost was determined using the following assumptions for the years ended June 30:

	2016	2015
Discount rate	4.33%	4.20%
Rate of compensation increase	3.00	3.00
Expected long-term rate of return	6.50	7.00

The expected rate of return on plan assets was derived based upon assumptions of inflation, real returns, anticipated value added by the investment manager and expected asset class allocations.

Net periodic pension cost is reflected in operating activities on the statements of activities. As of June 30, 2016 and 2015, items not yet recognized as components of net periodic pension cost are unrecognized prior service cost of $594 and $721, respectively, and a net unrecognized actuarial loss of $37,045 and $20,191, respectively. These changes affecting the funded status of the plan are included in other changes, net in nonoperating activities in the statements of activities.

The plan assets at June 30, 2016 and 2015 consist of variable annuity investments with various equity and fixed income focuses, which are classified as Level 1 of the GAAP fair value hierarchy.

(Continued)

(Dollars in thousands)

The investment strategy for the Plan takes into account several factors consistent with the characteristics of an employee pension plan. As such, the strategy recognizes a long-term time horizon where a substantial allocation to equities is appropriate and will help to maximize returns; broad diversification in order to increase return and reduce risk; and investment in institutional retirement annuities that serves to reduce administrative costs.

The actual asset allocation for the pension plan as of June 30, 2016 and 2015, and the weighted average asset targeted allocation are as follows:

		Actual	
	Target	**2016**	**2015**
Equity funds	75%	76%	75%
Fixed income funds	25	24	25
Total	100%	100%	100%

The University's estimated contribution for 2017 is $2,500.

Estimated future benefit payments as of June 30, 2015 are as follows:

Fiscal year:	
2017	$ 2,887
2018	3,147
2019	3,406
2020	3,642
2021	3,944
2022–2026	24,152

(Continued)

(Dollars in thousands)

(8) Restricted Net Assets

The University's restricted net assets as of June 30 are as follows:

	2016		2015	
	Temporarily restricted	**Permanently restricted**	**Temporarily restricted**	**Permanently restricted**
Endowment	$ 1,211,827	1,315,362	1,347,419	1,250,406
Contributions receivable	88,330	82,574	61,248	100,538
Donor-restricted purposes	103,771	41,254	95,895	31,635
Donor-restricted for plant-purposes	54,745	—	29,304	—
Student loans	12,433	—	10,878	—
Total	$ 1,471,106	1,439,190	1,544,744	1,382,579

(9) Functional Classification of Expenses

Functional categories are reported after allocating, on a square footage basis, expenses for operation and maintenance of plant, interest on indebtedness, and depreciation. Operating expenses incurred in the fiscal years ended June 30 were as follows:

	2016	**2015**
Instruction and departmental research	$ 322,449	304,074
Sponsored programs	116,431	109,970
Academic and student support	204,254	198,750
Auxiliary services	100,594	101,041
Institutional support	94,501	97,122
	$ 838,229	810,957

(10) Commitments and Contingencies

All funds expended in conjunction with government grants and contracts are subject to audit by governmental agencies. In the opinion of management, any potential liability resulting from these audits will not have a material effect on the University's financial position.

The University is a defendant in various legal actions arising in the normal course of its operations. Although the final outcome of such actions cannot currently be determined, the University believes that the ultimate unrecognized liability, if any, will not have a material effect on the University's financial position.

(Dollars in thousands)

(11) Related-Party Transactions

Members of the Corporation and senior management may, from time to time, be associated either directly or indirectly with companies doing business with the University. The University has a written conflict of interest policy that requires annual reporting by each Corporation member and University senior management. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arms' length, based on terms that are fair and reasonable to and in the best interest of the University.

(12) Supplemental Disclosure of Cash Flow Information

Following is information intended to supplement the statements of cash flows for the years ended June 30:

		2016	2015
Cash paid for interest, including recurring swap settlements, net of capitalized interest of $1,809 and $848	$	33,216	34,105
Noncash investing activities:			
Increase (decrease) in accounts payable for land, buildings and equipment		4,408	(1,860)
(Decrease) increase in payables for purchases of investments		(59,377)	126,071
Decrease in receivables for investments sold		—	(12,232)
Noncash financing activities:			
Seller financed note payable		—	3,500

(13) Subsequent Events

The University considers events or transactions that occur after the balance sheet date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued October 28, 2016, and subsequent events have been evaluated through that date.