Simmons College

Financial Statements
June 30, 2013 and 2012

Simmons College
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June 30, 2013 and 2012

Independent Auditor's Report

To the Board of Trustees of Simmons College:

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the 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 our 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, we consider internal control relevant to the College'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 College'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.

PricewaterhouseCoopers LLP, 125 High Street, Boston, MA 02110
T: (617) 530 5000, F: (617) 530 5001, www.pwc.com/us

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Simmons College at June 30, 2013 and June 30, 2012, 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.

PricewaterhouseCoopers LLP

October 16, 2013

Simmons College
Statements of Financial Position
June 30, 2013 and 2012

(in thousands of dollars)		**2013**		**2012**
Assets				
Cash and cash equivalents	$	26,701	$	34,939
Accounts receivable, net		5,655		5,731
Contributions receivable, net		5,069		5,367
Amounts held under agreement with bond trustee		5,982		5,987
Investments and life income funds		169,297		155,214
Loans to students, net		5,148		5,484
Other assets		3,244		2,545
Deferred charges, net		3,375		3,536
Property, plant, and equipment, net		188,007		193,621
Total assets	$	412,478	$	412,424
Liabilities and Net Assets				
Accounts payable and accrued liabilities	$	8,714	$	11,698
Deposits payable and deferred revenues		6,786		7,648
Bonds payable		176,716		180,243
Loan payable		963		1,185
U.S. government loan advances		3,176		3,246
Other liabilities		3,527		3,472
Total liabilities		199,882		207,492
Net assets				
Unrestricted		76,768		78,049
Temporarily restricted		70,602		63,663
Permanently restricted		65,226		63,220
Total net assets		212,596		204,932
Total liabilities and net assets	$	412,478	$	412,424

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

Simmons College
Statements of Activities
Years Ended June 30, 2013 and 2012

(in thousands of dollars)	Unrestricted 2013	Unrestricted 2012	Temporarily Restricted 2013	Temporarily Restricted 2012	Permanently Restricted 2013	Permanently Restricted 2012	Total 2013	Total 2012
Operating activities								
Operating revenues								
Tuition and fees	$ 114,615	$ 111,013	$ -	$ -	$ -	$ -	$ 114,615	$ 111,013
Less: Student aid	(29,930)	(25,703)					(29,930)	(25,703)
Net tuition and fees	84,685	85,310	-	-	-	-	84,685	85,310
Auxiliary enterprises	16,038	15,634					16,038	15,634
Investment return in support of operations	6,453	6,745					6,453	6,745
Gifts	4,549	5,026					4,549	5,026
Government and private grants	2,791	3,356					2,791	3,356
Leases	3,095	2,946					3,095	2,946
Other	3,788	3,778					3,788	3,778
Net assets released from restrictions	2,511	2,491					2,511	2,491
Total operating revenues	123,910	125,286	-	-	-	-	123,910	125,286
Operating expenses								
Salaries and wages	57,563	55,501					57,563	55,501
Employee benefits	14,806	14,461					14,806	14,461
Materials, supplies, and services	27,661	29,616					27,661	29,616
Interest expense	7,534	7,613					7,534	7,613
Total operating expenses	107,564	107,191	-	-	-	-	107,564	107,191
Results from operations before depreciation	16,346	18,095	-	-	-	-	16,346	18,095
Depreciation	(12,334)	(12,274)					(12,334)	(12,274)
Results from operations after depreciation	4,012	5,821	-	-	-	-	4,012	5,821
Nonoperating revenues, gains, and losses								
Gifts	-	-	1,549	3,855	1,232	3,057	2,781	6,912
Investment gains (loss)	4,915	(660)	12,229	(956)	485	(552)	17,629	(2,168)
Distribution of investment return in support of operations	(6,453)	(6,745)					(6,453)	(6,745)
Final swap termination	(7,782)	-					(7,782)	-
Other income	(12)	1,377					(12)	1,377
Net assets released from restriction	4,039	4,692	(6,839)	(7,130)	289	(53)	(2,511)	(2,491)
Change from nonoperating activity	(5,293)	(1,336)	6,939	(4,231)	2,006	2,452	3,652	(3,115)
Change in net assets	(1,281)	4,485	6,939	(4,231)	2,006	2,452	7,664	2,706
Net assets								
Beginning of year	78,049	73,564	63,663	67,894	63,220	60,768	204,932	202,226
End of year	$ 76,768	$ 78,049	$ 70,602	$ 63,663	$ 65,226	$ 63,220	$ 212,596	$ 204,932

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

Simmons College
Statements of Cash Flows
Years Ended June 30, 2013 and 2012

(in thousands of dollars)	**2013**	**2012**
Cash flows from operating activities		
Change in net assets	$ 7,664	$ 2,706
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	12,154	12,091
Amortization of bond premium/discount and bond issuance costs	(92)	(83)
Stocks and gifts in kind	(589)	(565)
Net realized and unrealized (gains) loss on investments	(16,078)	3,088
Contributions for long-term investment	(1,204)	(3,223)
Changes in assets and liabilities		
Decrease in account receivable and other assets	(325)	(3,041)
Decrease in accounts payable and other accruals	(1,497)	(4,111)
(Decrease) increase in deferred revenues and deposits payable	(863)	150
Net cash provided by operating activities	(830)	7,012
Cash flows from investing activities		
Purchases of property, plant, and equipment	(7,693)	(7,193)
Proceeds from the sale and maturities of investments	26,729	46,121
Purchases of investments	(24,144)	(44,586)
Decrease in amounts held under agreement with bond trustee	4	2,032
Student loans advanced	(530)	(502)
Student loans collected	866	823
Net cash used in investing activities	(4,768)	(3,305)
Cash flows from financing activities		
Repayments of long-term debt	(3,497)	(3,247)
Payments to annuity beneficiaries	(347)	(356)
Contributions to be used for long-term investment	1,204	3,223
Net cash used in financing activities	(2,640)	(380)
Net increase in cash and cash equivalents	(8,238)	3,327
Cash and cash equivalents		
Beginning of year	34,939	31,612
End of year	$ 26,701	$ 34,939
Supplemental data		
Interest paid	$ 7,335	$ 7,436

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

1. Accounting Policies

Organization
Simmons College (the "College") is a private, nonsectarian institution located in Boston's Back Bay that currently serves approximately 1,792 undergraduate women and 3,038 men and women in its graduate programs at the master and doctoral levels.

Basis of Presentation
The financial statements of the College have been prepared on the accrual basis of accounting.

Accounting principles generally accepted in the United States of America (GAAP) for private, not-for-profit organizations require classification of net assets, revenues, expenses, gains, and losses into three categories based on the existence or absence of externally imposed restrictions. The categories – unrestricted, temporarily restricted, and permanently restricted net assets – are defined as follows:

Unrestricted Net Assets
Unrestricted net assets are the net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the College's Board of Trustees (the "Trustees").

All expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is restricted either by donor stipulation or by law.

Temporarily Restricted Net Assets
Temporarily restricted net assets are the net assets subject to donor-imposed stipulations that will be met either by actions of the College or the passage of time as well as unexpended endowment income allocated under the spending formula. When the stipulations have been met (i.e., the time requirement has expired, the restricted purpose is accomplished or spending has been appropriated), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets
Permanently restricted net assets are the net assets that are subject to donor-imposed stipulations that they be maintained in perpetuity by the College. Generally, the donors of these assets permit the College to use all or part of the income earned and gains, if any, on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is subject to donor-imposed restrictions. In those cases, amounts received that are permanently or temporarily restricted by the donor are reported as increases to those net asset classes.

Nonoperating Revenues, Gains and Losses
The nonoperating revenues, gains and losses include investment income, realized and unrealized investment gains and losses net of amounts distributed in support of operations, contributions to temporarily restricted and permanently restricted net assets, realized gains on the sale of property, final swap termination and the nonoperating net assets utilized or released from restriction.

Expenses associated with fund-raising were $2,819,000 and $2,860,000 in 2013 and 2012, respectively, and are included in institutional support expenditures disclosed in Note 13.

Cash Equivalents
Cash and cash equivalents include highly liquid investments purchased with an initial maturity date of three months or less. For purposes of the statements of financial position and statements of cash flows, cash and cash equivalents exclude such amounts which are included within the investment accounts.

Investments and Life Income Funds
Investments and life income funds are reported at fair value. Fair value is 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. Gains or losses on investments are recognized as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Certain investments are not publicly traded and are referred to as alternative investments. The alternative investments are carried at estimated fair values as provided by the investment managers (Note 4 and Note 5).

The College invests in various securities, including U.S. government securities, corporate debt instruments, hedge funds, private equities, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes could occur and materially affect the amounts reported in the financial statements.

Endowment Investment and Spending Policies
On July 2, 2009, The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was signed into law in Massachusetts. UPMIFA provides greater flexibility for organizations that may consider spending from underwater endowment funds. UPMIFA did not impact the College’s spending from endowment funds in fiscal year 2013 and 2012.

The Trustees have interpreted state law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Trustees and expended.

The College has adopted investment and spending policies for endowment assets to provide long-term capital appreciation to supply funds for the specified purposes for which the original endowed gifts were given (e.g., scholarships, endowed chairs and operations). The time horizon for the endowment is perpetuity. The assets of the College are managed accordingly by external professional investment managers or invested in professionally managed funds, including funds of funds or managers of managers. The appointment of such managers or funds is the responsibility of the Investment Committee, a standing committee of the Board of Trustees. Investment managers have discretion over their investment programs, subject to appropriate constraints reflected in the College’s Investment Policy Statement or in the applicable investment management contracts.

The long-term objective of the College is to achieve a total return equivalent to or greater than the expected return. The expected return is the sum of the annual spending rate, the long-term inflation rate and any growth factor which the Investment Committee may deem appropriate. The spending rate for the years ended June 30, 2013 and June 30, 2012 was 4.5%. For the year ended June 30, 2012, the Board approved a change in the methodology for calculating the annual spending rate from a three-year average of market values as of December 31, to one based on the average of the prior twelve quarter end market values as of December 31. To the extent that current yield is inadequate to meet the spending rate a portion of cumulative realized and unrealized net gains is also available for current use.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost or, if acquired by gift, at fair market value on the date of receipt. Depreciation is computed by the straight-line method based on the estimated useful lives of the assets. The College reports gifts of property and equipment as unrestricted net assets, unless explicit donor stipulations specify how the donated assets must be used.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the College reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The estimated useful lives used in computing depreciation are as follows:

Furniture, fixtures and equipment	3–15 years
Land improvements	10 years
Library books	10 years
Building renovations	20 years
Buildings	40 years

Asset Retirement Obligations

The College has recognized an asset retirement obligation for the future remediation of asbestos in campus facilities. The College recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statements of activities. The accrual balance for this obligation as of June 30, 2013 and 2012 is included in other liabilities in the statements of financial position. Changes in this balance for the years ended June 30 are as follows:

(in thousands of dollars)	**2013**	**2012**
Balance at beginning of year	$ 1,538	$ 1,482
Disposals	(62)	-
Accretion expense	59	56
Balance at end of year	$ 1,535	$ 1,538

Fair Value of Financial Instruments Other Than Investments
The carrying amounts of cash equivalents, accounts receivable, accrued interest receivable, accounts payable, and student deposits approximate fair value because of the short maturities of these financial instruments.

Reasonable estimates of the fair values of the notes receivable from students under government loan programs and advances from the federal government for student loans could not be made because the notes receivable are not saleable and can only be assigned to the U.S. government or its designees.

The fair market value of the College's financial debt instruments based on current borrowing rates for loans with similar maturities and average maturities was estimated to be approximately $182,831,000 and $192,719,000 as of June 30, 2013 and 2012, respectively. The inputs used in the valuation of the debt qualify as Level 2 inputs.

Tuition and Fees Revenue
The College recognizes tuition and fees revenue in the period in which the educational instruction is performed. Accordingly, tuition and fees received in advance are deferred until the educational instruction is provided and related expenses incurred.

Contributions
Contributions received, including unconditional promises, are recognized as revenues when the donors' commitments are received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. Promises of noncash assets are recorded at their fair market values. Conditional promises are recorded at their fair values when donor stipulations are substantially met.

Lease Revenue
The College leases parking garage and office space under operating leases. The operating leases have scheduled annual increases which the College recognizes on a straight-line basis over the lease term beginning with the start of the lease.

Tax Status
The College is a qualified tax-exempt organization under the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

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

Noncash Items
Noncash transactions impacting recorded assets and liabilities and therefore not resulting in cash receipts or payments reflected in the statements of cash flows include $992,000 and $2,131,000 of accrued liabilities related to plant and equipment purchases at June 30, 2013 and 2012, respectively.

Funds with Shortfalls
From time to time, the market value of assets associated with permanently restricted funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. Shortfalls of this nature are reported in unrestricted net assets, and totaled $28,000 and $382,000 as of June 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions.

Subsequent Events
Subsequent events have been evaluated through October 16, 2013, which is the date when the financial statements were issued.

2. Accounts Receivable

At June 30 accounts receivable consisted of the following:

(in thousands of dollars)		2013		2012
Accounts receivable - student and other	$	6,674	$	6,573
Accounts receivable for sponsored programs		213		390
Less: Allowance for doubtful accounts		(1,232)		(1,232)
Accounts receivable, net	$	5,655	$	5,731

3. Loans to Students

Loans to students are net of an allowance for uncollectible loans of $355,000 at both June 30, 2013 and 2012.

The College regularly assesses the adequacy of the allowance for doubtful accounts related to loans to students by performing ongoing evaluations of the student loan portfolio, including such factors as the economic environment in which the borrowers operate and the level of delinquent loans. The College also performs a detailed review of the aging of the student loan receivable balances in comparison to prior years. The level of the allowance is adjusted based on the results of this analysis. The College considers the allowance recorded at June 30, 2013 and June 30, 2012 to be reasonable and adequate to absorb the potential credit losses inherent in the student loan portfolio.

4. Investments

The fair value of investments by type, including investments under split interest agreements and charitable remainder trusts, as of June 30 were as follows:

(in thousands of dollars)		2013		2012
Cash and cash equivalents	$	11,228	$	8,178
Fixed income		19,880		21,493
Equities		78,819		69,374
Alternative investments		59,295		56,138
Other		75		31
Total investments	$	169,297	$	155,214

Alternative investments consist primarily of hedge fund and private equity holdings. The fair value of certain private equity, real estate, natural resource and other equity investments represents the College's ownership interest in the capital account of limited partnerships. The value of these investments is determined by the general partner and is based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the underlying investment, the fair value is determined by the general partner taking into consideration among other things, multiples of comparable companies in the public markets and/or discounted cash flow analyses. The College performs additional procedures with respect to valuation including due diligence reviews on its investments in limited partnerships and including, but not limited to, general partners' compliance with the Fair Value Measurements standard, price transparency and valuation procedures in place. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Beneficial interests in perpetual trusts and assets of split-interest agreements are valued by the trustees of the agreements and are based on valuation of the underlying marketable securities or for those securities which do not have a readily determinable fair value by the trustee based on appraisals or other estimates which require judgment. These balances are included within Level 3. The primary unobservable inputs used in the fair value measurement of the perpetual trust assets are the underlying securities held by the trust. Significant fluctuation in the discount rates utilized in this calculation could result in a material change in fair value.

The College is obligated under certain alternative investment agreements to periodically advance additional funding up to their contractual levels.

The composition of investment gains (loss) for the years ended June 30 is as follows:

	2013			
(in thousands of dollars)	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Interest and dividend income	$ 133	$ 847	$ 3	$ 983
Net realized gains	765	1,862	327	2,954
Net change in unrealized gains on investments	4,017	9,520	155	13,692
Total investment return on long-term investments	$ 4,915	$ 12,229	$ 485	$ 17,629

	2012			
(in thousands of dollars)	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Interest and dividend income	$ 113	$ 802	$ 5	$ 920
Net realized losses	(529)	(1,166)	(226)	(1,921)
Net change in unrealized gains and losses on investments	(244)	(592)	(331)	(1,167)
Total investment return on long-term investments	$ (660)	$ (956)	$ (552)	$ (2,168)

Internal Borrowing from Endowment

In September 2008, the College's Board of Trustees approved an internal borrowing from the endowment to provide funding for the construction of the School of Management building and garage, and the expansion of the Fens Cafeteria. The loan carries an interest rate of 5% which was approved by the Board of Trustees based on its determination of rates for similar instruments at the time of authorization. The principal amount of the loan outstanding was $6,943,000 and $8,371,000 at June 30, 2013, and 2012, respectively. Annual principal payments began in fiscal year 2011 and continue through 2018 or until completely paid.

5. Fair Value Measurements

U.S. GAAP permits, as a practical expedient, an entity holding investments in certain entities that calculate net asset value ("NAV") per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share or its equivalent without adjustment. U.S. GAAP requires enhanced disclosures about the nature and risks of investments within its scope. Such disclosures include the nature of any restrictions on an investor's ability to redeem its investments at the measurement date, any unfunded commitments, and the investment strategies of the investee.

The College establishes the fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques.

As a basis for considering assumptions, the College uses a three-tier fair value hierarchy based upon whether the value of the asset or liability can be readily determined from publicly available data or not. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs mean that the market data is readily available from independent sources to help quantify the valuations, while unobservable inputs mean that the market data is not readily available, and therefore, the value of the asset or liability in the portfolio must be based on other information including the reporting entity's own assumptions about how market participants would value the asset or liability.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis. The three levels of inputs and a description of the College's valuation methodologies for assets measured at fair value are as follows:

Level 1 Inputs that are based on unadjusted quoted prices in active markets for identical assets that the College is able to access on the date of valuation. Instruments categorized in Level 1 would be common stocks, bonds held in custody in the College's name and mutual funds with daily NAV that are publicly listed on market exchanges and have daily process and trading activity.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets. Level 2 investments can include thinly traded securities and private investments in publicly traded companies. Commingled funds with documented transactions on the reporting date at an established NAV, and the ability to liquidate at NAV in the near-term (90 days or less) would also be classified as Level 2.

Level 3 Inputs that are typically unobservable, in illiquid markets and rely on assumptions and estimates about pricing derived available information. Typical Level 3 investments include private equity, private real estate partnerships and other illiquid securities with little or no regular market activity. Typically private equity partnerships can never be redeemed, but rather that the College receives distribution through the liquidation of the partnerships' underlying assets. Investments that are not redeemable at NAV in the near-term (greater than 90 days) are also classified as Level 3.

On July 1, 2012, the College adopted further new guidance enhancing the Fair Value Measurement standard, to ensure that the valuation techniques for investments that are categorized within Level 3 of the fair value hierarchy are fair, consistent and verifiable.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future values. In addition, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The College's assets measured at fair value are as follows:

	Assets at Fair Value at June 30, 2013			
(in thousands of dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Cash and cash equivalents	$ 10,847	$ -	$ -	$ 10,847
Fixed income securities	16,671	-	-	16,671
Equity securities	36,302	35,766	-	72,068
Alternative investments - hedge funds	-	17,486	11,392	28,878
Alternative investments - private equity	-	-	30,251	30,251
	63,820	53,252	41,643	158,715
Charitable annuities and pooled income funds				
Cash and cash equivalents	53	-	-	53
Fixed income securities	-	1,110	-	1,110
Equity securities	-	1,368	-	1,368
Perpetual and remainder trusts held by third parties	-	-	8,051	8,051
	53	2,478	8,051	10,582
	$ 63,873	$ 55,730	$ 49,694	$ 169,297

(in thousands of dollars)	Assets at Fair Value at June 30, 2012 Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ 7,866	$ -	$ -	$ 7,866
Fixed income securities	18,495	-	-	18,495
Equity securities	32,013	30,995	-	63,008
Alternative investments - hedge funds	-	15,472	10,713	26,185
Alternative investments - private equity	-	-	29,737	29,737
	58,374	46,467	40,450	145,291
Charitable annuities and pooled income funds				
Cash and cash equivalents	42	-	-	42
Fixed income securities	-	1,038	-	1,038
Equity securities	-	1,248	-	1,248
Perpetual and remainder trusts held by third parties	-	-	7,595	7,595
	42	2,286	7,595	9,923
	$ 58,416	$ 48,753	$ 48,045	$ 155,214

A summary of changes in the fair value of the College’s Level 3 assets for the year ended June 30, 2013 is as follows:

(in thousands of dollars)	Private Equity	Hedge Funds	Perpetual and Remainder Trusts	Total
Balance at beginning of year	$ 29,737	$ 10,713	$ 7,595	$ 48,045
Realized gains (losses)	1,231	(7)	-	1,224
Unrealized gains	1,227	1,191	456	2,874
Purchases and capital calls	2,388	-	-	2,388
Sales and redemptions	(4,332)	(505)	-	(4,837)
Balance at end of year	$ 30,251	$ 11,392	$ 8,051	$ 49,694

A summary of changes in the fair value of the College’s Level 3 assets for the year ended June 30, 2012 is as follows:

(in thousands of dollars)	Private Equity	Hedge Funds	Perpetual and Remainder Trusts	Total
Balance at beginning of year	$ 25,158	$ 11,332	$ 8,172	$ 44,662
Realized gains (losses)	382	(517)	-	(135)
Unrealized gains (losses)	1,611	468	(577)	1,502
Purchases and capital calls	4,625	-	-	4,625
Sales and redemptions	(2,039)	(570)	-	(2,609)
Balance at end of year	$ 29,737	$ 10,713	$ 7,595	$ 48,045

The following table for June 30, 2013, sets forth a summary of the College's investments with a reported NAV:

	Fair Value Estimated Using Net Asset Value June 30, 2013		
(in thousands of dollars)	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**
Investment			
Fixed Income securities [(a)]	$ 1,110	$ -	Daily
Equity securities [(b)]	37,134	-	Varies from 100% daily, less than 30 days, to 30-60 days
Limited partnerships - NAV [(c)]			
Hedge funds	28,878	-	Varies from quarterly with 30 days notice, semi-annually with 30-180 days notice, to none.
Private equity	30,251	9,241	N/A
	$ 97,373	$ 9,241	

a. This category includes investments in funds with the objective to achieve an inflation protected return.

b. This category includes investments with the objective to achieve long-term growth from a diversified portfolio of equity securities. To achieve this objective the College has selected investment managers that focus on both U.S. and international markets in various business sectors including commodities, industrial material, healthcare, information technology, utilities and others.

c. This category includes investments with the objective to achieve long-term growth from a diversified portfolio of limited partnerships. The objective is to generate long term returns significantly higher than public equity markets.

6. Donor-Restricted and Board-Designated Funds

Donor-restricted and board-designated net assets by type of fund as of June 30, 2013 are as follows:

(in thousands of dollars)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets				
Donor restricted	$ -	$ 62,104	$ 56,766	$ 118,870
Board designated	50,155	-	-	50,155
Total endowment net assets	50,155	62,104	56,766	169,025
Designated for specific purposes				
Perpetual trusts held by third parties	-	-	6,764	6,764
Annuity and life income funds	-	2,001	(176)	1,825
Donor-restricted funds	-	6,497	1,872	8,369
	$ 50,155	$ 70,602	$ 65,226	$ 185,983

Changes in donor-restricted and board-designated net assets for the fiscal year ended June 30, 2013 are as follows:

(in thousands of dollars)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted and board-designated funds, beginning of year	$ 46,671	$ 63,663	$ 63,220	$ 173,554
Contributions	-	1,549	1,232	2,781
Investment income	134	847	3	984
Net appreciation	4,781	11,382	482	16,645
Amounts appropriated for expenditure	(1,431)	(6,839)	289	(7,981)
Donor-restricted and board-designated funds, end of year	$ 50,155	$ 70,602	$ 65,226	$ 185,983

Donor-restricted and board-designated net assets by type of fund as of June 30, 2012 are as follows:

(in thousands of dollars)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets				
Donor restricted	$ -	$ 54,932	$ 55,206	$ 110,138
Board designated	46,671	-	-	46,671
Total endowment net assets	46,671	54,932	55,206	156,809
Designated for specific purposes				
Perpetual trusts held by third parties	-	-	6,363	6,363
Annuity and life income funds	-	1,796	(169)	1,627
Donor-restricted funds	-	6,935	1,820	8,755
	$ 46,671	$ 63,663	$ 63,220	$ 173,554

Changes in donor-restricted and board-designated net assets for the fiscal year ended June 30, 2012 are as follows:

(in thousands of dollars)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted and board-designated funds, beginning of year	$ 48,806	$ 67,894	$ 60,768	$ 177,468
Contributions	-	3,855	3,057	6,912
Investment income	113	802	5	920
Net appreciation	(773)	(1,758)	(557)	(3,088)
Amounts appropriated for expenditure	(1,475)	(7,130)	(53)	(8,658)
Donor-restricted and board-designated funds, end of year	$ 46,671	$ 63,663	$ 63,220	$ 173,554

Total endowment net assets include the balance of the internal loan which was $6,943,000 and $8,371,000 at June 30, 2013 and 2012, respectively.

7. Contributions Receivable

Contributions receivable as of June 30 consist of the following:

(in thousands of dollars)	2013	2012
Due in one year or less	$ 1,459	$ 1,252
Due between one year and five years	3,141	3,308
Beyond five years	1,070	1,450
	5,670	6,010
Less: Allowance for uncollectible contributions	(345)	(351)
Less: Discount to present value (discount rates range from .72%–3.4%)	(256)	(292)
Contributions receivable, net	$ 5,069	$ 5,367

The change in contributions receivable, net during the year ended June 30, 2013, is summarized as follows:

(in thousands of dollars)	
Balance at June 30, 2012	$ 5,367
New pledges	1,053
Collections on pledges	(1,393)
Decrease in allowance for uncollectible contributions	6
Decrease in unamortized discounts	36
Balance at June 30, 2013	$ 5,069

8. Property, Plant, and Equipment

Property, plant, and equipment are stated at cost or fair value at date of gift, less accumulated depreciation, and as of June 30 are summarized as follows:

(in thousands of dollars)	2013	2012
Land and improvements	$ 815	$ 815
Buildings and improvements	247,892	244,007
Furniture, fixtures, and equipment	41,785	39,568
Library books	9,367	8,946
	299,859	293,336
Less: Accumulated depreciation	(111,852)	(99,715)
Property, plant, and equipment, net	$ 188,007	$ 193,621

The College has contractual obligations outstanding, related to various renovations on campus, of $1,526,000 and $2,137,000 at June 30, 2013 and 2012, respectively.

9. Bonds Payable

Bonds payable as of June 30 consisted of the following:

(in thousands of dollars)	2013	2012
Massachusetts Health and Educational Facilities Authority (MHEFA) Revenue Bonds		
Simmons College Series C, 4%–5.125%, payable through 2028	$ 8,780	$ 9,130
Simmons College Series F, 4%–5%, payable through 2033	1,880	2,755
Simmons College Series I, 6%–8%, payable through 2039	61,055	61,055
Massachusetts Development Finance Agency (MDFA) Revenue Bonds		
Simmons College Series G Variable Rate Demand Variable Mode Revenue Bonds, payable through 2036	49,610	49,610
Simmons College Series H, 4%–5.25%, payable through 2033	37,855	39,030
Simmons College Bonds Series 2008 Taxable, payable through 2022	14,895	15,770
	174,075	177,350
Unamortized bond premium/discount, net	2,641	2,893
Total MHEFA and MDFA Revenue Bonds	$ 176,716	$ 180,243

On January 4, 2007, the College issued MDFA Revenue Bonds, Simmons College Series H (the “Series H Bonds”) in the amount of $45,344,000. The primary purpose of this issue was to refinance portions of the Simmons College Series C Bonds, Series D Bonds, and Series F Bonds.

The defeasance was achieved through the deposit of $44,283,000 of the proceeds of the Series H Bonds in a refunding trust and has been accounted for as legal defeasance. Accordingly, the defeased bonds and the assets in the defeasance trust were removed from the statements of financial position in 2007. At June 30, 2013, the outstanding principal amount of the defeased bonds was $31,065,000.

Monies in the defeasance trust have been applied to the purchase of noncancelable direct obligations of the U.S. government. The government obligations, together with the interest thereon, will be sufficient in amount and available when necessary to pay the principal and interest on the defeased Series C and F Bonds when due or called.

On April 1, 2008, the College remarketed its Series G Bonds. The purpose of the remarketing was to provide for the cancellation of the bond insurance policy that previously secured the Series G Bonds, due to a downgrade of the bond insurer’s credit rating, and to replace the bond insurance with a letter of credit. The interest rate on these bonds is determined weekly based upon the Securities Industry and Financial Market Association Municipal Swap Index (SIFMA). The average interest rate in fiscal year 2013 on these bonds was 0.15%.

On February 21, 2008, the College issued the Simmons College Series 2008 (Taxable) Bonds in the amount of $18,730,000. The primary purpose of this issue was to finance the construction of a portion of an approximately 715-car garage located behind the College’s Main Academic Building. The interest rate on these bonds is determined weekly based upon the SIFMA. The average interest rate on these bonds in fiscal year 2013 was 0.18%.

On January 22, 2009, the College issued MHEFA Revenue Bonds, Simmons College Issue, Series I (the “Series I Bonds”) in the face amount of $61,055,000. The primary purpose of this issue was to retire the Series E Bonds at the par value of $31,140,000, including the payment due in connection with the termination of the interest rate hedge contract related to the Series E Bonds, and to finance the completion of the School of Management Building and expansion of the Fens Cafeteria.

Subsequent Event – Series J Issue
On September 5, 2013, the College issued MDFA Revenue Bonds, Series J (2013) (the “Series J Bonds”) in the amount of $18,970,000. The proceeds from this issue are being used to refinance portions of the MHEFA Series F and Series I Bonds.

Collateral
The College has pledged its tuition receipts as collateral for the bonds detailed above. In addition, the College has granted a mortgage on its residence campus in connection with the issuance of the Series I Bonds. The net book value of the property comprising the residence campus is $22,066,000.

Loan Payable
In July 2008, the College acquired a nine-year $2,000,000 loan from its cafeteria management vendor to assist with the expansion of the Fens Cafeteria. Principal payments of $222,000 are due each year. The note carries no stated interest.

Aggregate principal payments related to bonds payable and the notes payable are as follows:

(in thousands of dollars)

Years Ending June 30,		
2014	$	4,702
2015		4,977
2016		5,517
2017		5,782
2018		5,919
Thereafter		148,140
	$	175,037

Included in the College's debt is $64,505,000 of variable rate demand bonds ("VRDBs"). In order to secure bond repayment and interest obligations associated with these VRDBs, the College has entered into irrevocable letters of credit ("LOC") with two financial institutions that meet the College's criteria for financial stability and risk diversification.

Subsequent to the fiscal year closing, the College amended its existing two letters of credit for the purpose of extending the maturity dates from September 1, 2016 to September 1, 2018. The amendments were executed on September 1, 2013. The providers, balances of the letters of credit as of September 1, 2013 are as follows:

(in thousands of dollars)

Issue	**Provider**		**Balance**	**Maturity Date**
Series G Bonds	JPMorgan Chase	$	50,344	September 1, 2018
2008 Taxable	TD Bank		15,115	September 1, 2018

To date, the College has never had an instance where its VRDBs failed to be remarketed. However, in the unlikely event that the VRDBs cannot be remarketed successfully, they may be "put" in part or in full to the above LOC provider. Based on the repayment and maturity terms under the amended LOC, if they failed to remarket in their entirety the aggregate scheduled principal payments would be as follows: $2,483,000, $18,146,000, $19,477,000, $20,924,000, $2,979,000 and $496,000 in 2014, 2015, 2016, 2017, 2018 and 2019, respectively.

Bank Lines
The College maintained a line of credit with a bank in the amount of $7,500,000. There were no amounts outstanding on the line at June 30, 2013 and 2012.

Loan Covenants
Several of the loan agreements contain covenants and financial ratios which require compliance by the College. Certain of the agreements also provide for restrictions on additional indebtedness.

10. Other Liabilities

Other liabilities as of June 30 consist of the following:

(in thousands of dollars)	2013	2012
Present value of charitable annuities payable	$ 1,991	$ 1,934
Asset retirement obligation liability	1,536	1,538
Total other liabilities	$ 3,527	$ 3,472

11. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30 consist of the following:

(in thousands of dollars)	2013	2012
Educational and general purposes	$ 6,860	$ 7,108
Capital needs	153	356
Annuity and life income agreements	2,001	1,796
Net appreciation of permanently restricted net assets available for board appropriation	61,588	54,403
Total temporarily restricted net assets	$ 70,602	$ 63,663

12. Permanently Restricted Net Assets

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

(in thousands of dollars)	2013	2012
True Endowment - general	$ 56,766	$ 55,206
True Endowment - student loans	1,872	1,820
Annuity and life income agreements	(176)	(169)
Perpetual trusts held by third parties	6,764	6,363
Total permanently restricted net assets	$ 65,226	$ 63,220

13. Functional Classifications of Expenditures

The statements of activities present operating expenditures by natural classification. The operating expenditures on a functional basis as of June 30 are as follows:

(in thousands of dollars)		**2013**		**2012**
Instruction and academic support	$	70,548	$	70,908
Student services		6,261		6,348
Institutional support and advancement		30,674		29,917
Sponsored activities		1,197		1,399
Auxiliary operations and other		11,218		10,893
Total expenses	$	119,898	$	119,465

14. Retirement Plans

Substantially all employees of the College have individual annuity accounts with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund. Total retirement expense charged to operations was $3,305,000 and $3,229,000 for 2013 and 2012, respectively.

15. Commitments and Contingencies

The College receives funds from the federal government. Entitlements to the resources are generally conditional upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially, all federal financial assistance is subject to financial and compliance audits. Any disallowances become liabilities of the College.

16. Swap Termination

On January 9, 2009, the College terminated three interest rate swaps it had previously entered into with Lehman Brothers Special Financing, Inc. (LBSF). These swaps were issued in connection with certain variable rate debt of the College. Using the methodology permitted under the agreement the College computed a settlement amount and delivered a statement of loss for these transactions to LBSF, followed by payment of the settlement amount of $5,500,000 in the same month. LBSF did not agree with the settlement and LBSF and the College entered into bankruptcy court ordered remediation. In June 2013, LBSF and the College reached a final settlement agreement. Pursuant to this settlement in June 2013, the College paid LBSF a final settlement payment, which together with certain out-of-pocket expenses incurred in settling the dispute, are included in nonoperating expenses.