Simmons College

Financial Statements
June 30, 2016 and 2015

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Report of Independent Auditors

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, 2016 and June 30, 2015, and the related statements of activities and 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.

Auditors' 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.

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, 2016 and June 30, 2015, 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 20, 2016

Simmons College
Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 30,164	$ 26,639
Accounts receivable, net	9,985	11,003
Contributions receivable, net	7,143	7,242
Amounts held under agreement with bond trustee	21	3,130
Investments	174,113	182,123
Beneficial interest in trusts	8,217	8,544
Loans to students, net	3,345	4,158
Other assets	8,258	5,350
Property, plant, and equipment, net	177,577	176,205
Total assets	$ 418,823	$ 424,394
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 13,452	$ 9,922
Deposits payable and deferred revenues	18,269	14,608
Bonds payable	162,707	166,535
Loan payable	296	518
U.S. government loan advances	2,649	3,088
Other liabilities	3,278	3,302
Total liabilities	200,651	197,973
Net assets		
Unrestricted	66,889	70,941
Temporarily restricted	73,370	81,628
Permanently restricted	77,913	73,852
Total net assets	218,172	226,421
Total liabilities and net assets	$ 418,823	$ 424,394

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

Simmons College
Statements of Activities
Years Ended June 30, 2016 and 2015

(in thousands of dollars)	Unrestricted 2016	Unrestricted 2015	Temporarily Restricted 2016	Temporarily Restricted 2015	Permanently Restricted 2016	Permanently Restricted 2015	Total 2016	Total 2015
Operating activities								
Operating revenues								
Undergraduate and graduate tuition and fees	$ 115,403	$ 108,200	$ -	$ -	$ -	$ -	$ 115,403	$ 108,200
Online revenue tuition and fees	45,013	24,446					45,013	24,446
Less: Student aid	(41,454)	(34,924)					(41,454)	(34,924)
Net tuition and fees	118,962	97,722	-	-	-	-	118,962	97,722
Auxiliary enterprises	17,857	15,858					17,857	15,858
Investment return in support of operations	7,561	11,076					7,561	11,076
Gifts	3,147	3,987					3,147	3,987
Government and private grants	2,591	2,492					2,591	2,492
Leases	3,338	3,146					3,338	3,146
Other	4,292	3,816					4,292	3,816
Net assets released from restriction	2,004	1,384					2,004	1,384
Total operating revenues	159,752	139,481	-	-	-	-	159,752	139,481
Operating expenses								
Salaries and wages	62,012	57,990					62,012	57,990
Employee benefits	15,286	15,024					15,286	15,024
Materials, supplies, and services	32,702	29,525					32,702	29,525
Partner share of online revenue	30,568	16,849					30,568	16,849
Interest expense	5,207	6,863					5,207	6,863
Total operating expenses	145,775	126,251	-	-	-	-	145,775	126,251
Results from operations before depreciation	13,977	13,230	-	-	-	-	13,977	13,230
Depreciation expense	11,843	11,711					11,843	11,711
Results from operations after depreciation	2,134	1,519	-	-	-	-	2,134	1,519
Nonoperating revenues, gains, and losses								
Gifts	-	7	1,464	1,682	4,531	2,416	5,995	4,105
Total investment return	(1,488)	855	(2,283)	3,973	(5)	7	(3,776)	4,835
Distribution of investment return in support of operations	(7,561)	(11,076)					(7,561)	(11,076)
Change in value of trusts			34	(3)	(361)	(126)	(327)	(129)
Realized gain (loss) on property sale	9	(8)					9	(8)
Loss on extinguishment of debt	(2,719)	(1,960)					(2,719)	(1,960)
Net assets released from restriction	5,573	4,843	(7,473)	(6,293)	(104)	66	(2,004)	(1,384)
Change from nonoperating activity	(6,186)	(7,339)	(8,258)	(641)	4,061	2,363	(10,383)	(5,617)
Change in net assets	(4,052)	(5,820)	(8,258)	(641)	4,061	2,363	(8,249)	(4,098)
Net assets								
Beginning of year	70,941	76,761	81,628	82,269	73,852	71,489	226,421	230,519
End of year	$ 66,889	$ 70,941	$ 73,370	$ 81,628	$ 77,913	$ 73,852	$ 218,172	$ 226,421

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

Simmons College
Statements of Cash Flows
Years Ended June 30, 2016 and 2015

(in thousands of dollars)	2016	2015
Cash flows from operating activities		
Change in net assets	$ (8,249)	$ (4,098)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and accretion expense	11,843	11,539
Amortization of bond premium/discount and bond issuance costs	(334)	(84)
Loss on extinguishment of long-term debt	2,719	1,960
Noncash contribution securities received	(465)	(539)
Proceeds from sale of contributed securities	271	325
Net realized and unrealized loss (gains) on investments	6,511	(3,517)
Change in beneficial interest in trusts	327	129
Net realized loss on disposals of property, plant and equipment	162	8
Contributions to be used for long-term purposes	(4,004)	(782)
Cash premium received upon issuance of bonds	2,955	-
Change in reserve for bad debt	907	106
Changes in assets and liabilities		
Increase in receivables and other assets	(2,276)	(3,022)
Increase in accounts payable and accrued liabilities	198	2,053
Increase in deferred revenues and deposits payable	3,661	5,566
Net cash provided by operating activities	14,226	9,644
Cash flows from investing activities		
Purchases of property, plant, and equipment	(9,439)	(6,344)
Proceeds from the sale of property, plant and equipment	9	4
Proceeds from the sale and maturities of investments	53,317	108,359
Purchases of investments	(51,692)	(104,351)
Decreases in amounts held under agreement	(16)	
Student loans advanced	(243)	(364)
Student loans collected	632	751
Net cash used in investing activities	(7,432)	(1,945)
Cash flows from financing activities		
Repayments of long-term debt	(3,162)	(4,012)
Deposits into refunding trusts	(37,867)	(10,894)
Proceeds from bond issuance	34,013	9,662
Payments to annuity beneficiaries	(326)	(349)
Contributions to be used for long-term purposes	4,004	782
Proceeds from sale of contributed securities for long-term purposes	69	96
Net cash used in financing activities	(3,269)	(4,715)
Net increase in cash and cash equivalents	3,525	2,984
Cash and cash equivalents		
Beginning of year	26,639	23,655
End of year	$ 30,164	$ 26,639
Supplemental data / noncash investing and financing activity		
Cash paid for interest	$ 4,512	$ 6,617
Purchases of property, plant, and equipment in accounts payable and accrued liabilities	4,177	292
Transfer of amounts held under agreement with bond trustee to refunding trusts	3,125	1,039
Noncash contribution securities received	465	539

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 1,700 undergraduate women and over 4,000 men and women in its graduate programs at the master and doctoral levels. In addition, the College also offers Online Graduate Programs in Nursing, Social Work, Business Administration, Healthcare Business Administration and Library and Information Sciences. The College serves approximately 2,800 students in these programs.

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. This includes restricted gifts that are received and whose purpose restrictions have been met in the same fiscal period.

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, change in value of trusts, contributions to temporarily restricted and permanently restricted net assets, realized gains on the sale of property, loss on extinguishment of debt and nonoperating net assets utilized or released from restriction.

Fundraising Expenses
Expenses associated with fundraising were $1,879,000 and $1,775,000 in 2016 and 2015, respectively, and are included in institutional support and advancement 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 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 (Notes 4 and 6).

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. The College did not spent from underwater endowment funds in fiscal year 2016 and 2015.

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, 2016 and June 30, 2015 was 5.0% and 4.5%, respectively. The annual spending rate calculation is 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.

For fiscal year 2015, investment return in support of operations on the Statement of Activities includes an additional $4,000,000 distribution that was approved by the College's Trustees.

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	40–50 years

The College's policy is not to capitalize collections, primarily art objects, as they are held for educational, research, and curatorial purposes. Each of the items is catalogued, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. Any proceeds from the sale of collection items are used to acquire other items for the collection.

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, 2016 and 2015 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)		**2016**		**2015**
Balances at beginning of year	$	1,654	$	1,593
Accretion expense		63		61
Balances at end of year	$	1,717	$	1,654

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.

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. Revenue from the Simmons online program is included in tuition and fees. The College pays its online partner fees to use the online platform. These fees are included within operating expenses on the statement of activities.

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.

Contributed Securities
Contributed securities that are immediately sold are presented within cash flows from operations if there are no donor imposed restrictions and within cash flows from financing if there are donor imposed restrictions for a long term purpose.

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.

Future minimum lease payments due to the College on leases of parking garage and office space are as follows:

(in thousands of dollars)

Year Ending June 30,		
2017	$	3,411
2018		3,068
2019		3,151
2020		3,218
2021		3,314
Thereafter		5,749
	$	21,911

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.

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 $69,913 and $6,500 as of June 30, 2016 and 2015, respectively.

Reclassification

Certain amounts in the 2015 financial statements have been reclassified to conform with the 2016 presentation.

New Accounting Pronouncements

In May 2015, the FASB issued ASU 2015-07, *Disclosures for Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using net asset value per share as the practical expedient. This guidance is effective in fiscal year 2017, however, early adoption is permitted. The College has elected to adopt the guidance early, and the impact is limited to the notes to the financial statements.

In April 2015, the FASB issued ASU 2015-03 - *Imputation of Interest*: *Simplifying the Presentation of Debt Issuance Costs*, which requires all costs incurred to issue debt to be presented in the statement of financial position as a direct deduction from the carrying value of the associated debt liability. The College has elected to adopt the guidance early and has netted these costs against the associated debt liability in the statements of financial position as of June 30, 2016 and 2015, respectively.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09 - *Revenue from Contracts with Customers* to create common revenue recognition guidance for U.S. GAAP and international accounting standards. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services, by allocating transaction price to identified performance obligations, and recognizing that revenue as performance obligations are satisfied. Qualitative and quantitative disclosures will be required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The original standard was effective for fiscal years beginning after December 15, 2016; however, in July 2015, the FASB approved a one-year deferral of this standard, with a new effective date for fiscal years beginning after December 15, 2017 or fiscal year 2019 for the College. The College is evaluating the impact this will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on generally a straight-line basis. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The ASU is effective for fiscal years beginning after December 15, 2018, or fiscal year 2020 for the College. The College is evaluating the impact of the new guidance on the financial statements.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. This guidance allows an entity to choose, investment-by-investment, to report an equity investment that neither has a readily determinable fair value, nor qualifies for the practical expedient for fair value estimation using NAV, at its cost minus impairment (if any), plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issue. Impairment of such investments must be assessed qualitatively at each reporting period. Entities must disclose their financial assets and liabilities by measurement category and form of asset either on the face of the statement of financial position or in the accompanying notes. The ASU is effective for annual reporting periods beginning after December 15, 2018 or fiscal year 2020 for the College. The provision to eliminate the requirement to disclose the fair value of financial instruments measured at cost (such as the fair value of debt) may be early adopted. The College has early adopted the provision to eliminate the disclosure of the fair value of debt. The College is evaluating the impact of the other aspects of the new guidance on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which makes targeted changes to the not-for-profit financial reporting model. Under the new ASU, net asset reporting will be streamlined and clarified. The existing three-category classification of net assets will be replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." The guidance for classifying deficiencies in endowment funds and on accounting for the lapsing of restrictions on gifts to acquire property, plant, and equipment have also been simplified and clarified. New disclosures will highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. The ASU also imposes several new requirements related to reporting expenses, including providing information about expenses by their natural classification. The ASU is effective for fiscal years beginning after December 15, 2017 or fiscal year 2019 for the College and early adoption is permitted. The College is evaluating the impact of the new guidance on the financial statements.

2. Accounts Receivable

At June 30 accounts receivable, net consisted of the following:

(in thousands of dollars)	2016	2015
Accounts receivable - student and other	$ 12,086	$ 12,231
Accounts receivable for sponsored programs	338	298
Less: Allowance for doubtful accounts	(2,439)	(1,526)
Accounts receivable, net	$ 9,985	$ 11,003

3. Loans to Students

Loans to students are net of an allowance for uncollectible loans of $570,000 at June 30, 2016 and $537,000 at June 30, 2015.

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, 2016 and June 30, 2015 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)	2016	2015
Cash and cash equivalents	$ 10,664	$ 8,553
Fixed income	30,188	25,179
Equities	79,444	84,517
Private equities	23,363	31,336
Hedge funds	30,454	32,538
Total investments	$ 174,113	$ 182,123

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 materially different estimate of fair value at the reporting date.

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:

	2016			
(in thousands of dollars)	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Operating (included in Other)				
Interest and dividend income, net of fees	$ (32)	$ -	$ -	$ (32)
Net realized gains	110	-	-	110
Net change in unrealized gains on investments	48	-	-	48
Total operating investment return	126	-	-	126
Nonoperating				
Interest and dividend income, net of fees	514	2,378	1	2,893
Net realized gains	1,813	4,360	11	6,184
Net change in unrealized gains on investments	(3,815)	(9,021)	(17)	(12,853)
Total non-operating investment return	(1,488)	(2,283)	(5)	(3,776)
Total investment return	$ (1,362)	$ (2,283)	$ (5)	$ (3,650)

	2015			
(in thousands of dollars)	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Operating (included in Other)				
Interest and dividend income, net of fees	$ 49	$ -	$ -	$ 49
Net realized gains	116	-	-	116
Net change in unrealized gains on investments	58	-	-	58
Total operating investment return	223	-	-	223
Nonoperating				
Interest and dividend income, net of fees	(30)	589	1	560
Net realized gains	1,355	3,716	23	5,094
Net change in unrealized gains on investments	(470)	(332)	(17)	(819)
Total non-operating investment return	855	3,973	7	4,835
Total investment return	$ 1,078	$ 3,973	$ 7	$ 5,058

Investment management fees were approximately $1,048,000 and $1,000,000 for the year ended June 30, 2016 and 2015, respectively.

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 $2,657,000 and $4,086,000 at June 30, 2016, and 2015, respectively. Annual principal payments began in fiscal year 2011 and continue through fiscal year 2018 or until completely paid.

5. Beneficial Interest in Trusts

The College is party to various split interest agreements and these agreements include perpetual trusts, charitable remainder trusts, charitable gift annuities, and pooled life income funds. The College's gift annuities and pooled life income funds are included in Investments on the Statement of Financial Position. The College's interests in perpetual trusts and charitable remainder trusts are included in beneficial interest in trusts. These assets represent the College's share of the fair market value of the trust assets as of the dates of the statements of financial position. Distributions of income from the trusts to the College are recorded as revenue and the carrying value of the assets is adjusted for changes in value over time.

6. Fair Value Measurements

GAAP permits, as a practical expedient, an entity holding investments in certain entities that calculate net asset value 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 net asset value (NAV) per share or its equivalent without adjustment. 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.

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 materially 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, 2016				
(in thousands of dollars)	Level 1	Level 2	Level 3	Measured at Net Asset Value	Total
Investments					
Cash and cash equivalents	$ 10,611	$ -	$ -	$ -	$ 10,611
Fixed income securities	28,674	-	845	-	29,519
Equity securities	51,555	-	-	26,972	78,527
Alternative investments - hedge funds	-	-	-	30,454	30,454
Alternative investments - private equity	-	-	-	23,363	23,363
	90,840	-	845	80,789	172,474
Charitable annuities and pooled income funds					
Cash and cash equivalents	53	-	-	-	53
Fixed income securities	-	-	-	669	669
Equity securities	-	-	-	905	905
	53	-	-	1,574	1,627
	$ 90,893	$ -	$ 845	$ 82,363	$ 174,101

As of June 30, 2016 the College also held real estate certificates with a total face value of $12,000.

(in thousands of dollars)	Assets at Fair Value at June 30, 2015 Level 1	Level 2	Level 3	Measured at Net Asset Value	Total
Investments					
Cash and cash equivalents	$ 8,512	$ -	$ -	$ -	$ 8,512
Fixed income securities	24,212	-	-	150	24,362
Equity securities	49,815	-	-	33,554	83,369
Alternative investments - hedge funds	-	-	-	32,538	32,538
Alternative investments - private equity	-	-	-	31,336	31,336
	82,539	-	-	97,578	180,117
Charitable annuities and pooled income funds					
Cash and cash equivalents	41	-	-	-	41
Fixed income securities	-	-	-	817	817
Equity securities	-	-	-	1,148	1,148
	41	-	-	1,965	2,006
	$ 82,580	$ -	$ -	$ 99,543	$ 182,123

A summary of changes in the fair value of the College's level 3 investments for the year ended June 30, 2016 is as follows:

(in thousands of dollars)	Fixed Income
Balances at beginning of year	$ -
Purchases	839
Income	6
Balances at end of year	$ 845

There was no activity within level 3 investments in fiscal year 2015.

The following table for June 30, 2016, sets forth a summary of the College's investments with a reported NAV:

(in thousands of dollars)	Fair Value Estimated Using Net Asset Value June 30, 2016 Fair Value	Unfunded Commitments	Redemption Frequency
Investment			
Fixed Income securities [(a)]	$ 669	$ -	Daily
Equity securities [(b)]	27,877		Varies from 100% daily, less than 30 days, to 30-60 days
Limited partnerships - NAV [(c)]			Varies from quarterly with
Hedge funds	30,454	-	30 days notice, semi-annually with 30-180 days notice, to none.
Private equity	23,363	6,706	N/A
	$ 82,363	$ 6,706	

The following table for June 30, 2015, sets forth a summary of the College's investments with a reported NAV:

	Fair Value Estimated Using Net Asset Value June 30, 2015		
(in thousands of dollars)	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**
Investment			
Fixed Income securities [(a)]	$ 967	$ -	Daily
Equity securities [(b)]	34,702		Varies from 100% daily, less than 30 days, to 30-60 days
Limited partnerships - NAV [(c)]			
Hedge funds	32,538	-	Varies from quarterly with 30 days notice, semi-annually with 30-180 days notice, to none.
Private equity	31,336	7,247	N/A
	$ 99,543	$ 7,247	

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.

7. Donor-Restricted and Board-Designated Funds

Donor-restricted and board-designated net assets by type of fund as of June 30, 2016 are as follows:

(in thousands of dollars)	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets				
Donor restricted	$ -	$ 63,014	$ 69,241	$ 132,255
Board designated	46,464			46,464
Total endowment net assets	46,464	63,014	69,241	178,719
Designated for specific purposes				
Perpetual trusts held by third parties			7,041	7,041
Annuity and life income funds		1,510	(278)	1,232
Donor-restricted funds		8,846	1,909	10,755
	$ 46,464	$ 73,370	$ 77,913	$ 197,747

Changes in donor-restricted and board-designated net assets for the fiscal year ended June 30, 2016 are as follows:

(in thousands of dollars)	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted and board-designated funds, beginning of year	$ 49,775	$ 81,628	$ 73,852	$ 205,255
Contributions		1,464	4,531	5,995
Investment income	860	2,378	1	3,239
Net appreciation (depreciation)	(1,735)	(4,627)	(367)	(6,729)
Amounts appropriated for expenditure	(2,436)	(7,473)	(104)	(10,013)
Donor-restricted and board-designated funds, end of year	$ 46,464	$ 73,370	$ 77,913	$ 197,747

Donor-restricted and board-designated net assets by type of fund as of June 30, 2015 are as follows:

(in thousands of dollars)	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets				
Donor restricted	$ -	$ 71,537	$ 64,718	$ 136,255
Board designated	49,775			49,775
Total endowment net assets	49,775	71,537	64,718	186,030
Designated for specific purposes				
Perpetual trusts held by third parties	-	-	7,401	7,401
Annuity and life income funds	-	1,677	(176)	1,501
Donor-restricted funds	-	8,414	1,909	10,323
	$ 49,775	$ 81,628	$ 73,852	$ 205,255

Changes in donor-restricted and board-designated net assets for the fiscal year ended June 30, 2015 are as follows:

(in thousands of dollars)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted and board-designated funds, beginning of year	$ 54,728	$ 82,269	$ 71,489	$ 208,486
Contributions	-	1,682	2,416	4,098
Investment income	215	589	1	805
Net appreciation (depreciation)	967	3,381	(120)	4,228
Amounts appropriated for expenditure	(6,135)	(6,293)	66	(12,362)
Donor-restricted and board-designated funds, end of year	$ 49,775	$ 81,628	$ 73,852	$ 205,255

Total endowment net assets include the balance of the internal loan which was $2,657,000 and $4,086,000 at June 30, 2016 and 2015, respectively.

8. Contributions Receivable

Contributions receivable as of June 30 consist of the following:

(in thousands of dollars)	2016	2015
Due in one year or less	$ 3,505	$ 2,431
Due between one year and five years	3,923	4,695
Beyond five years	-	545
	7,428	7,671
Less: Allowance for uncollectible contributions	(117)	(155)
Less: Discount to present value (discount rates range from .72%–2.0%)	(168)	(274)
Contributions receivable, net	$ 7,143	$ 7,242

Fluctuations in the allowance for uncollectible contributions are recorded as a net against the associated gift revenue on the Statement of Activities.

9. 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)	2016	2015
Land	$ 815	$ 815
Buildings and improvements	250,805	248,950
Furniture, fixtures, and equipment	48,418	45,219
Library books	10,593	10,171
Construction in progress	12,683	5,016
	323,314	310,171
Less: Accumulated depreciation	(145,737)	(133,966)
Property, plant, and equipment, net	$ 177,577	$ 176,205

The College has contractual obligations outstanding, related to various renovations on campus, of $4,370,000 and $1,006,000 at June 30, 2016 and 2015, respectively.

10. Bonds Payable

Bonds payable as of June 30 consisted of the following:

(in thousands of dollars)	2016	2015
Massachusetts Development Finance Agency (MDFA) Revenue Bonds		
Simmons College Series C, 4%–5.125%	$ -	$ 8,030
Simmons College Series I, 6.00%–8%	-	30,670
Simmons College Series G Variable Rate Demand Variable Mode Revenue Bonds, payable through 2036	48,895	49,360
Simmons College Series H, 5%–5.25%, payable through 2033	36,000	37,305
Simmons College Bonds Series 2008 Taxable, variable rate, payable through 2022	11,695	12,865
Simmons College Series J, 5.125%–5.5%, payable through 2039	18,970	18,970
Simmons College Series K-1 4%-5%, payable through 2036	34,595	-
Simmons College Series K-2 1.80%-4.1%, payable through 2022	9,850	9,850
	160,005	167,050
Unamortized bond premium/discount, net	5,465	2,646
Unamortized bond issuance costs	(2,763)	(3,161)
Total MDFA Revenue Bonds	$ 162,707	$ 166,535

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.

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 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 2016 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 2016 was 0.29%.

On January 22, 2009, the College issued MDFA 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.

On September 5, 2013 the College issued MDFA Revenue Bonds, Simmons College Issue, Series J (the “Series J Bonds”) in the face amount of $18,970,000. The primary purpose of this issue was to refinance portions of the Simmons College MDFA Series F and MDFA Series I Bonds.

The proceeds from Series J were used to current refund outstanding maturities of Series I and advance refund Series F. The College also chose to redeem Series F bonds totaling $965,000 with a call date of October 7, 2013. The refunded and redeemed bonds were legally defeased and, as such, are not reflected in “Bonds Payable” at June 30, 2014.

The defeasance was achieved through the deposit of $18,736,000 of the Series J proceeds into a Refunding Trust and the release and transfer of $1,811,000 previously held in the Series I Debt Service Reserve Fund to the Refunding Trust.

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 F and Series I Bonds when due or called.

On May 20, 2015 Simmons issued $9,850,000 of Series K-2 taxable, fixed rate bonds maturing between October 1, 2016 and October 1, 2022. The main purpose of this issue was to refinance a portion of the Simmons College MDFA Series I bonds. This issuance resulted in an accounting charge of $1,960,000 which represents the write off of capitalized debt issuance costs and bond issuance discount on the extinguished issue.

The defeasances were achieved through the deposit of $11,934,000 into the Series I Refunding Trusts which represents bond proceeds of $9,703,000, Institutional Contribution of $1,192,000 and the Release of Debt Service Reserve Funds of $1,039,000.

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 I Bonds when due or called.

On July 8, 2015 Simmons issued $34,595,000 of Series K-1 tax exempt bonds, fixed rate bonds maturing between October 1, 2022 and October 1, 2036. The Series K-1 tax-exempt bonds current refunded $8,030,000 of the remaining Series C bonds, $24,405,000 of the Series I bonds, and advance refunded $6,265,000 of the Series I bonds. This issuance resulted in an accounting charge of $2,719,000 which represents the write off of capitalized debt issuance costs and bond issuance discount on the extinguished issues. With the issuance of the Series K-1 tax exempt bonds, the mortgage on the residence campus was released.

The defeasances were achieved through the deposit of $32,820,000 into the Series I Refunding Trust and $8,173,000 which represents bond proceeds of $37,048,000, Institutional Contribution of $820,000 and the Release of Debt Service Reserve Funds of $3,125,000.

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 I Bonds when due or called.

Collateral
The College has pledged its tuition receipts as collateral for the bonds detailed above.

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. The balance as of June 30, 2016 is $296,000.

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

(in thousands of dollars)

Year Ending June 30,		
2017	$	5,067
2018		5,089
2019		5,200
2020		5,405
2021		5,625
Thereafter		133,915
	$	160,301

Included in the College's debt is $60,590,000 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.

On September 1, 2013 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 providers, balances of letters of credit as of June 30, 2016 are as follows:

(in thousands of dollars)

Issue	**Provider**		**Balance**	**Maturity Date**
Series G Bonds	JPMorgan Chase	$	49,618	September 1, 2018
2008 Taxable	TD Bank		11,868	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 LOC, if they failed to remarket in their entirety, as of June 30, 2016 the aggregate scheduled principal payments would be as follows: $2,339,000, 17,287,000, 18,599,000, 20,026,000 and 2,339,000 in fiscal years 2017, 2018, 2019, 2020 and 2021, respectively.

Bank Lines

The College maintains 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, 2016 and 2015.

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. Covenants that exist also relate to debt service coverage and liquidity ratios.

11. Other Liabilities

Other liabilities as of June 30 consist of the following:

(in thousands of dollars)	2016	2015
Present value of charitable annuities payable	$ 1,561	$ 1,648
Asset retirement obligation liability	1,717	1,654
Total other liabilities	$ 3,278	$ 3,302

12. Temporarily Restricted Net Assets

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

(in thousands of dollars)	2016	2015
Educational and general purposes	$ 8,699	$ 8,647
Capital needs	147	147
Annuity and life income agreements	1,510	1,677
Net appreciation of permanently restricted net assets available for board appropriation	63,014	71,157
Total temporarily restricted net assets	$ 73,370	$ 81,628

Net appreciation of permanently restricted net assets includes unappropriated gains from funds for which the donor's intention was to support the general operations of the College. These unappropriated gains total approximately $30,705,000 and $33,215,000 in 2016 and 2015, respectively.

13. Permanently Restricted Net Assets

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

(in thousands of dollars)	2016	2015
True Endowment - general	$ 69,241	$ 64,718
True Endowment - student loans	1,909	1,909
Annuity and life income agreements	(278)	(176)
Perpetual trusts held by third parties	7,041	7,401
Total permanently restricted net assets	$ 77,913	$ 73,852

14. 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)	2016	2015
Instruction and academic support	$ 100,197	$ 82,122
Student services	9,842	10,211
Institutional support and advancement	32,157	32,010
Sponsored activities	933	902
Auxiliary operations and other	14,489	12,717
Total expenses	$ 157,618	$ 137,962

15. 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 $3,322,000 and $3,300,000 for 2016 and 2015, respectively.

16. Commitments and Contingencies

In conducting its activities, the College, from time to time, is the subject of various claims and also has claims against others. In management's opinion, the ultimate resolution of such claims at June 30, 2016, would not have a material effect on the financial position of the College.

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.

17. Subsequent Events

Subsequent events have been evaluated through October 20, 2016, which is the date when the financial statements were issued. No events were identified, other than described below, that require adjustments to the audited financial statements or disclosures in the notes to the audited financial statements.