Financial Statements

Lasell College

June 30, 2016 and 2015

Mayer Hoffman McCann P.C.
Tofias New England Division
An Independent CPA Firm

LASELL COLLEGE

Financial Statements

Table of Contents

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Independent Auditors' Report

Board of Trustees
Lasell College

We have audited the accompanying financial statements of Lasell College (the "College"), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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 Lasell College as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

October 14, 2016
Boston, Massachusetts

LASELL COLLEGE

Statements of Financial Position

	June 30, 2016	June 30, 2015
Assets		
Cash and cash equivalents	$ 6,795,283	$ 4,209,618
Cash limited as to use	1,374,481	1,355,323
Accounts receivable, net	1,207,950	1,041,992
Contributions receivable, net	1,739,798	86,660
Student loans receivable, net	395,956	382,915
Funds held by trustees under bond agreements	12,009,454	1,964,219
Other assets	911,970	1,050,686
Beneficial interests in trusts	2,409,470	2,554,758
Investments	36,563,096	37,988,851
Real estate held for investment	1,852,000	1,852,000
Property and equipment, net	74,958,587	74,005,538
Total assets	**$ 140,218,045**	**$ 126,492,560**
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 5,673,327	$ 5,143,965
Deferred revenue	5,420,696	4,174,787
Deferred land lease revenue	1,483,981	1,482,312
Refundable advances - Perkins loan program	371,053	361,794
Annuity obligations	717,384	858,011
Bonds payable, net	58,734,348	49,967,178
Fair value of interest rate swaps	7,952,889	5,765,445
Other liabilities	334,523	268,383
Total liabilities	**80,688,201**	**68,021,875**
Net assets:		
Unrestricted	45,218,286	45,218,424
Temporarily restricted	6,278,843	5,242,395
Permanently restricted	8,032,715	8,009,866
Total net assets	**59,529,844**	**58,470,685**
Total liabilities and net assets	**$ 140,218,045**	**$ 126,492,560**

See accompanying notes to financial statements.

LASELL COLLEGE

Statement of Activities

Year Ended June 30, 2016
(With Comparative Totals for 2015)

	2016				2015
	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*	*Total*
Revenues, gains and other support:					
Tuition and fees	$ 60,998,844	$ -	$ -	$ 60,998,844	$ 56,447,866
Room and board	18,344,981	-	-	18,344,981	17,028,373
Less: financial aid	(29,429,820)	-	-	(29,429,820)	(26,627,195)
Net tuition, fees and room and board	49,914,005	-	-	49,914,005	46,849,044
Auxiliary enterprises	6,104,883	-	-	6,104,883	5,894,667
Investment income appropriated	1,288,153	-	-	1,288,153	1,168,447
Federal and state grants	644,439	-	-	644,439	613,827
Private gifts and grants	853,315	-	-	853,315	870,013
Other revenue	713,760	-	-	713,760	669,057
Net assets released from restrictions	429,202	(429,202)	-	-	-
Total revenues, gains and other support	**59,947,757**	**(429,202)**	**-**	**59,518,555**	**56,065,055**
Expenses:					
Program services:					
Instruction	15,191,071	-	-	15,191,071	14,294,107
Academic support	3,380,832	-	-	3,380,832	3,173,963
Research	146,418	-	-	146,418	106,245
Student services	10,758,263	-	-	10,758,263	10,329,735
Government sponsored financial aid	457,496	-	-	457,496	428,796
Room and board	14,359,697	-	-	14,359,697	14,084,088
Auxiliary enterprises	4,928,461	-	-	4,928,461	4,948,399
Public service	507,062	-	-	507,062	304,721
Total program services	**49,729,300**	**-**	**-**	**49,729,300**	**47,670,054**
Management and general	6,569,158	-	-	6,569,158	6,330,519
Fundraising	2,028,918	-	-	2,028,918	1,826,563
Total expenses	**58,327,376**	**-**	**-**	**58,327,376**	**55,827,136**
Change in net assets from operations	**1,620,381**	**(429,202)**	**-**	**1,191,179**	**237,919**
Non-operating activities:					
Investment income (loss), net of total return appropriated	(1,124,805)	(244,267)	(347)	(1,369,419)	241,870
Land lease income	205,840	-	-	205,840	205,840
Private gifts and grants	385,411	3,390,481	64,332	3,840,224	408,448
Non-operating fundraising costs	(297,461)	-	-	(297,461)	(219,737)
Change in fair value of interest rate swaps	(2,187,444)	-	-	(2,187,444)	(674,616)
Other non-operating activities, net	(214,646)	(70,063)	(39,051)	(323,760)	(119,328)
Net assets released from restrictions	1,612,586	(1,610,501)	(2,085)	-	-
Total non-operating activities	**(1,620,519)**	**1,465,650**	**22,849**	**(132,020)**	**(157,523)**
Change in net assets	**(138)**	**1,036,448**	**22,849**	**1,059,159**	**80,396**
Net assets, beginning of year	45,218,424	5,242,395	8,009,866	58,470,685	58,390,289
Net assets, end of year	**$ 45,218,286**	**$ 6,278,843**	**$ 8,032,715**	**$ 59,529,844**	**$ 58,470,685**

See accompanying notes to financial statements.

LASELL COLLEGE

Statement of Activities

Year Ended June 30, 2015

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Revenues, gains and other support:				
Tuition and fees	$ 56,447,866	$ -	$ -	$ 56,447,866
Room and board	17,028,373	-	-	17,028,373
Less: financial aid	(26,627,195)	-	-	(26,627,195)
Net tuition, fees and room and board	46,849,044	-	-	46,849,044
Auxiliary enterprises	5,894,667	-	-	5,894,667
Investment income appropriated	1,168,447	-	-	1,168,447
Federal and state grants	613,827	-	-	613,827
Private gifts and grants	870,013	-	-	870,013
Other revenue	669,057	-	-	669,057
Net assets released from restrictions	489,425	(489,425)	-	-
Total revenues, gains and other support	**56,554,480**	**(489,425)**	**-**	**56,065,055**
Expenses:				
Program services:				
Instruction	14,294,107	-	-	14,294,107
Academic support	3,173,963	-	-	3,173,963
Research	106,245	-	-	106,245
Student services	10,329,735	-	-	10,329,735
Government sponsored financial aid	428,796	-	-	428,796
Room and board	14,084,088	-	-	14,084,088
Auxiliary enterprises	4,948,399	-	-	4,948,399
Public service	304,721	-	-	304,721
Total program services	**47,670,054**	**-**	**-**	**47,670,054**
Management and general	6,330,519	-	-	6,330,519
Fundraising	1,826,563	-	-	1,826,563
Total expenses	**55,827,136**	**-**	**-**	**55,827,136**
Change in net assets from operations	**727,344**	**(489,425)**	**-**	**237,919**
Non-operating activities:				
Investment income, net of total return appropriated	93,027	147,497	1,346	241,870
Land lease income	205,840	-	-	205,840
Private gifts and grants	53,991	302,364	52,093	408,448
Non-operating fundraising costs	(219,737)	-	-	(219,737)
Change in fair value of interest rate swaps	(674,616)	-	-	(674,616)
Other non-operating activities, net	(166,991)	81,784	(34,121)	(119,328)
Net assets released from restrictions	310,495	(310,495)	-	-
Total non-operating activities	**(397,991)**	**221,150**	**19,318**	**(157,523)**
Change in net assets	**329,353**	**(268,275)**	**19,318**	**80,396**
Net assets, beginning of year	44,889,071	5,510,670	7,990,548	58,390,289
Net assets, end of year	**$ 45,218,424**	**$ 5,242,395**	**$ 8,009,866**	**$ 58,470,685**

See accompanying notes to financial statements.

LASELL COLLEGE

Statements of Cash Flows

	Years Ended June 30,	
	2016	*2015*
Cash flows from operating activities:		
Change in net assets	$ 1,059,159	$ 80,396
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,849,970	4,815,391
Provision for bad debts	48,988	48,588
Net realized and unrealized (gain) loss on investments	880,134	(487,862)
Loss on disposal of property and equipment	120,984	-
Contributions restricted for long-term investment and plant	(1,496,242)	(207,093)
Investment income restricted for long-term investment	(347)	(1,346)
Change in fair value of interest rate swaps	2,187,444	674,616
Changes in operating assets and liabilities:		
Cash limited as to use	(19,158)	7,061
Accounts receivable	(214,946)	187,723
Contributions receivable, net	(1,653,138)	33,001
Beneficial interest in trusts	145,288	69,366
Other assets	138,716	(134,219)
Accounts payable and accrued expenses	852,374	2,610
Deferred revenue	1,245,909	412,829
Deferred land lease revenue	1,669	1,669
Other liabilities	30,000	5,056
Net cash provided by operating activities	**8,176,804**	**5,507,786**
Cash flows from investing activities:		
Proceeds from sales of investments	8,875,405	8,322,551
Purchases of investments	(8,337,295)	(9,169,464)
Change in annuity obligations	(140,627)	(183,679)
Purchase of property and equipment	(6,070,683)	(4,040,984)
Student loans granted	(55,400)	(84,100)
Student loans collected	42,359	62,359
Change in funds held by trustees under bond agreements	(10,037,724)	2,070
Net cash used in investing activities	**(15,723,965)**	**(5,091,247)**
Cash flows from financing activities:		
Contributions restricted for long-term investment and plant	1,496,242	207,093
Investment income restricted for long-term investment	347	1,346
Increase in federal loan program advances	9,259	6,324
Proceeds from issuance of bonds	10,000,000	-
Payment of bond issuance costs	(114,369)	-
Payments on bonds	(1,195,000)	(1,160,000)
Payments on capital lease obligations	(63,653)	(58,652)
Net cash (used in) provided by financing activities	**10,132,826**	**(1,003,889)**
Net increase (decrease) in cash and cash equivalents	**2,585,665**	**(587,350)**
Cash and cash equivalents, beginning of year	4,209,618	4,796,968
Cash and cash equivalents, end of year	**$ 6,795,283**	**$ 4,209,618**

Supplemental Disclosures of Cash Flow Information

Cash payment for interest	$ 2,883,484	$ 2,715,450
Amounts included in accounts payable for purchase of property and equipment	$ 661,187	$ 984,200

See accompanying notes to financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Lasell College (the "College"), founded in 1851, is an independent, comprehensive coeducational college located in Newton, Massachusetts, offering professionally oriented bachelor's and master's degree programs. The student population is drawn predominantly from the Northeast region of the United States. The College is accredited by the New England Association of Schools and Colleges and participates in student financial assistance programs sponsored by the United States Department of Education and the Commonwealth of Massachusetts. These programs facilitate the payment of tuition and other expenses for students.

Lasell, Inc., a not-for-profit organization, is the sole member of the College. Lasell, Inc. is also the sole member of Lasell Village, Inc. (the "Village"). The Village is a Massachusetts charitable corporation formed in 1990 to establish and operate an educational continuing care retirement community (the "Facility") in Newton, Massachusetts. The financial statements only reflect the activities of the College and do not include the Village or Lasell, Inc.

Financial Statement Presentation

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

Net assets and revenues, expenses, gains and losses are classified based on the existence or the absence of donor-imposed restrictions. Accordingly, the net assets classifications are defined as follows:

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

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

Permanently restricted - Net assets subject to donor-imposed stipulations that require funds to be permanently held. Generally, the donors of these assets permit the use of all or part of the income earned on these assets. Such net assets primarily include the College's permanent endowment funds.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid instruments purchased with an initial maturity of three months or less, excluding balances whose use is restricted or included in the investment accounts. Cash equivalents held by investment managers are considered part of investments given the expectation of near term reinvestment. The College maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The College monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Cash Limited as to Use

Cash limited as to use includes amounts deposited in debt service funds, primarily for scheduled debt service due July 1. Cash limited as to use also includes cash restricted for student loan funds.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management estimates the allowance for doubtful accounts based on history of collections and knowledge acquired about specific items. Adjustments to the allowance are charged to bad debt expense. Uncollectible accounts are written off against the reserve when deemed uncollectible; recoveries are recorded when received. An account is considered uncollectible when all efforts to collect the account have been exhausted. Interest is not charged on receivables.

Financing Receivables

Student loans receivable are funds loaned to students by the College under the Federal Perkins Loans Program ("Perkins").

Perkins funds may be re-loaned by the College after collection, but in the event that the College no longer participates in the Program, the amounts are generally refundable to the Federal government. Loans receivable are carried at their net realizable value. Interest and late fees are recorded when received. Loans receivable are considered in default if any portion of the balance due is outstanding for more than 240 days. Loans that are in default and meet certain requirements may be assigned to the Department of Education, which reduces the Perkins Loans refundable advances.

For all loans, management estimates the allowance for credit losses based on historical losses, current economic conditions and the credit quality of the loans.

Contributions Receivable, Gifts and Grants Revenue

Unconditional promises to give are reported at fair value on the date the promise is verifiably committed. Fair value of the initial recordings is determined in accordance with the fair value policies outlined below. The initially recorded fair value is considered a Level 2 fair value approach. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using a risk adjusted interest rate applicable to the years in which the promises are expected to be received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fund raising activity. Conditional promises to give are not included as support until the conditions are substantially met.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Contributions Receivable, Gifts and Grants Revenue (Continued)

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted net assets.

Gifts of equipment or other assets are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Fair value of donated equipment or other assets is effectively recorded using a Level 3 market approach. 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 support. Absent explicit donor stipulations regarding 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.

Beneficial Interests in Trusts

The College is a 100% income beneficiary of an irrevocable perpetual trust controlled by a third-party trustee. The College is also the remainderman in two irrevocable trusts and three irrevocable gift annuity trusts controlled by third-party trustees. In addition, the College has an annuity interest through 2022 in an irrevocable charitable lead annuity trust controlled by a third-party trustee.

The initially recorded fair value of the beneficial interests in trusts are determined based on the underlying nature of the investments held which have generally represented Level 3 measurements, while the initial measurements of any related life expectancies are Level 2 measurements.

Charitable Gift Annuity Obligations

Assets received under gift annuity agreements are invested with the other investments of the College. Assets received under charitable remainder trust annuity agreements where the College is the trustee are invested in separate investment accounts and included in investments in the Statement of Financial Position. In connection with these annuity gifts, the College records a liability equal to the present value of future cash flows expected to be paid to the beneficiaries based on the actuarial expected lives and records the estimated net residual amount as a contribution at the date of the gift.

The initially recorded fair value of the charitable gift annuities are determined based on the underlying nature of the investments received which have generally represented Level 3 measurements while the initial measurement of the related obligations are Level 2 measurements.

Assets of charitable gift annuities are recorded at fair value, net of the present value of the liability for income payable to the donor or the donor’s designee, and in the appropriate net asset category based on donor stipulation. Related contributions are recognized as contribution revenue equal to the present value of future benefits less the liability for income payable to the donor or the donor’s designee.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Charitable Gift Annuity Obligations (Continued)

During the term of these agreements, changes in the value of split-interest agreements are recognized in the Statements of Activities based on accretion of the discounted amount of the contribution, the expected future benefits to be received by the College, changes in the fair value of underlying investments and the expected future payment to other beneficiaries, based on changes in life expectancy and other actuarial assumptions. Discount rates ranging from 1.2% and 9.8% were used in these calculations. The discount rates were equivalent to the IRS discount rate which approximated fair value at the time the College entered into the arrangement.

The change in the value of the gift annuity agreements is included in other non-operating activities in the Statements of Activities and was ($85,131) and ($34,916) at June 30, 2016 and 2015, respectively.

Investments

Investments are stated at fair value. Fair value is determined as per the fair value policies described later in this section. Accordingly, changes in fair values are reflected in the Statements of Activities as gains or losses on investments included in investment results.

Interest, dividends and net gains or losses on investments are reported: (1) as increases or decreases in permanently restricted net assets if the terms of the original gift require that they be applied to the principal of a permanent endowment fund; (2) as increases or decreases in temporarily restricted net assets if the terms of the gift and/or relevant state law impose restrictions on the current use of the income or net gains and losses; and (3) as increases or decreases in unrestricted net assets in all other cases.

Distributions from the investment portfolio are approved by the Board of Trustees using a total return method and consist of unrestricted and temporarily restricted interest, dividends and realized and unrealized gains. The Board of Trustees has established a spending rate based upon the rolling three-year average fair value of the investments (4.0% for the years ended June 30, 2016 and 2015). The College adopted this spending policy in order to protect the inviolate nature of the original corpus of gifts, as well as to preserve the purchasing power of these funds into the future.

Investments include separate investment accounts for charitable gift annuities. Investments also include certain artwork which was gifted to the College by an artist and for which the College is holding in anticipation of an increase in its fair value and a life insurance policy which was gifted to the College and which is valued at the cash value of the policy.

Real Estate Held for Investment

Real estate held for investment consists of four residential properties adjacent to the campus which are being held for investment purposes. Fair value of real estate held for investment is effectively recorded using a Level 2 market approach.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment is stated at cost if purchased or fair value if donated. Fair value of donated property and equipment is effectively recorded using a Level 3 market approach. Property and equipment is depreciated using straight-line methods over the lesser of the estimated useful lives of related assets, and in the case of assets under capital leases, their respective lease terms. Projects that are comprised of multiple phases are placed into service at the substantial completion of each phase. Expenditures for maintenance and repairs are expensed as incurred. Betterments, which increase the value or materially extend the life of the related assets, are capitalized.

Category	***Life***
Buildings	20-40 years
Building improvements	10 years
Land improvements	10 years
Furniture, fixtures and equipment	3-7 years
Motor vehicles	5 years

In the normal course of its operations, the College incurs legal obligations to perform certain retirement activity with regard to the ultimate disposition of some of its tangible long-lived assets due to the nature of material used in their construction or operation. The timing of the performance of these retirement activities is within the control of the College and, due to the long useful lives of these assets, will be performed at some future date. The estimated liability for these activities is included in other liabilities on the Statements of Financial Position. It amounted to $46,500 and $56,500 at June 30, 2016 and 2015, respectively. Interest related to the construction of capital assets is capitalized as a component of the cost of developing capital assets.

Deferred Revenue

Deferred revenue represents tuition and student deposits paid in advance, which are recognized as income when the related educational services are provided. In addition, deferred revenue also includes an upfront payment from a vendor that will be recognized as revenue over the life of the service contract with this vendor.

Deferred Land Lease Revenue

Deferred land lease revenue represents payments in excess of revenue recognized in connection with the College's land lease to Lasell Village. Land lease income is recognized on a straight-line basis over the lease term and is recorded as a non-operating activity within the Statements of Activities.

Fair Value of Interest Rate Swap

The fair value of interest rate swap is recorded at each period-end as either an asset or a liability, based on the estimated value of the contract at year-end. Fair value is determined as per the fair value policies as described later in this section. The change in the fair value of the contract is measured at each period-end and recorded as a non-operating activity within the Statements of Activities.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Tuition, Fees, Room and Board

Tuition, fees, room, board and auxiliary enterprise fees are recognized as revenues when the related educational and other services are provided.

Auxiliary Enterprises

Auxiliary enterprise revenue consists of the following for the years ended June 30:

	2016	2015
Childcare programs	$ 1,548,736	$ 1,547,135
Contracts with Lasell Village (see Note 16)	1,880,057	1,924,541
Collaborative services (see Note 17)	1,615,133	1,589,790
Third-party campus programs	392,471	394,365
Other auxiliary enterprises	668,486	438,836
	$ 6,104,883	**$ 5,894,667**

Functional Expense Allocation

Certain common costs have been allocated to functions based on percentage of effort, usage, square footage and other criteria.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Significant estimates include the reserves on student loans, contributions receivable and accounts receivable, estimated lives of property and equipment, fair value of investments, conditional asset retirement obligations, measurement of obligation from group health self-insurance program, valuation of interests in and obligations under split-interest agreements, valuation of interest rate swaps, the functional allocation of overhead expenses and releases from donor restrictions.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Operations

The Statements of Activities report the changes in unrestricted, temporarily restricted and permanently restricted assets from operating and non-operating activities. Unrestricted operating revenues consist of those items attributable to the College's primary mission of providing education. Investment income included in operations reflects the amount computed using the spending policy for the period as approved by the Board of Trustees, as well as investment income earned on operating cash and cash equivalents. All other investment income or losses are reported as non-operating revenue. Operating revenue also includes contributions received related to annual fund support and support of College operations while all other contributions are classified as non-operating. Fundraising costs associated with conducting capital campaigns and net assets released from restriction related to funds contributed to capital campaigns are included in non-operating activities. Non-operating activities also includes land lease income from affiliate, gains and losses on interest rate swap contracts, and other non-operating activities, which principally consists of the change in value of various split-interest agreements.

Fair Value Measurements

The College reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item. Recurring fair value measures include the College's investment accounts, interest rate swaps and deposits with trustees. Nonrecurring measures include pledges, asset retirement obligations, and annuity obligations. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, the College reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value standards also require the College to classify financial instruments (but for those measured using NAV) into a three-level hierarchy, based on the priority of inputs to the valuation technique.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

> Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include listed equity and debt securities publicly traded on a stock exchange.
>
> Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
>
> Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument as well as the effects of market, interest and credit risk. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the College's financial instruments, see Note 9 - Fair Values of Financial Instruments.

Reclassifications

Certain reclassifications have been made to the 2015 financial statements to conform to presentations used in 2016.

During 2016, the College retrospectively adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30) – Simplifying the Presentation of Debt Issuance Costs*, and debt issuance costs are now presented as a deduction of debt on the financial statements for each year. Accordingly, bonds payable, net, originally stated at $50,837,812 in the June 30, 2015 financial statements, have been restated to $49,967,178 to reflect $870,634 of unamortized issuance costs previously included in assets. Additionally, during 2016, the College retrospectively adopted FASB ASU No. 2015-07, *Fair Value Measurement (Topic 820) – Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, and investments valued at net asset value (NAV) are now presented in a separate column in the related footnote disclosure for 2016 and 2015.

Tax Status

The College has obtained a determination letter dated November 30, 1970 from the Internal Revenue Service stating that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Uncertain Tax Positions

The College accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The College has identified its tax status as a tax-exempt entity and its determination as to its income being related or unrelated as its only significant tax positions; however, the College has determined that such tax positions do not result in an uncertainty requiring recognition. The College is not currently under examination by any taxing jurisdiction. The College's Federal and state income tax returns are generally open for examination for three years following the date filed.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

The College has evaluated subsequent events through October 14, 2016, the date that the financial statements were issued.

Note 2 - Cash Limited as to Use

Cash limited as to use consisted of the following at June 30:

		2016		***2015***
Debt service funds	$	1,323,013	$	1,298,413
Student loan funds		51,468		56,910
Cash limited as to use	**$**	**1,374,481**	**$**	**1,355,323**

The balance of debt service funds at June 30, 2016 and 2015 represents scheduled debt service due on July 1st of the respective years.

Note 3 - Accounts Receivable

Accounts receivable and the allowance for doubtful accounts consist of the following at June 30:

2016		***Balance***		***Allowance***		***Net***
Student accounts:						
Undergraduate	$	316,425	$	(134,400)	$	182,025
Graduate		302,266		(29,100)		273,166
Total student accounts		618,691		(163,500)		455,191
Other		757,759		(5,000)		752,759
Accounts receivable	**$**	**1,376,450**	**$**	**(168,500)**	**$**	**1,207,950**

2015		***Balance***		***Allowance***		***Net***
Student accounts:						
Undergraduate	$	322,597	$	(113,800)	$	208,797
Graduate		349,929		(22,800)		327,129
Total student accounts		672,526		(136,600)		535,926
Other		511,066		(5,000)		506,066
Accounts receivable	**$**	**1,183,592**	**$**	**(141,600)**	**$**	**1,041,992**

Note 4 - Contributions Receivable

Contributions receivable consist of unconditional promises to give as follows as of June 30:

	2016	**2015**
Amounts due:		
In one year or less	$ 758,650	$ 32,444
From one to five years	1,145,130	65,000
	1,903,780	97,444
Less: unamortized discount (discount rates ranging from 0.90% to 2.32%)	(40,816)	(1,690)
Less: allowance for doubtful accounts	(123,166)	(9,094)
Contributions receivable, net	**$ 1,739,798**	**$ 86,660**

Note 5 - Student Loans Receivable

Student loans receivable consist of the following at June 30:

	30-60 Days Past Due	***60-90 Days Past Due***	***Greater than 90 Days Past Due***	***Total Past Due***	***Current***	***Total Financing Receivable***
June 30, 2016						
Perkins loans	$ 14,128	$ 5,000	$ 117,316	$ 136,444	$ 295,453	$ 431,897
Credit reserve	-	-	(35,941)	(35,941)	-	(35,941)
Total	**$ 14,128**	**$ 5,000**	**$ 81,375**	**$ 100,503**	**$ 295,453**	**$ 395,956**
June 30, 2015						
Perkins loans	$ -	$ 14,041	$ 125,438	$ 139,479	$ 279,377	$ 418,856
Credit reserve	-	-	(35,941)	(35,941)	-	(35,941)
Total	**$ -**	**$ 14,041**	**$ 89,497**	**$ 103,538**	**$ 279,377**	**$ 382,915**

Allowance for credit losses was $35,941 at June 30, 2016 and 2015. There were no charge-offs, recoveries or changes in the provision for the years then ended.

The Perkins loans were evaluated for impairment.

Note 6 - Funds Held by Trustees under Bond Agreements

In accordance with the bond agreements (see Note 12), the College maintains funds on deposit with the bond trustees for debt service reserves and cost reimbursement of bond financed projects. The funds held by the trustees for debt service reserve funds under the Series 2011 bond agreement are primarily invested in U.S. government obligations as permitted by the bond agreement. The funds held by the trustees for the project funds under the Series 2015 bond agreement are held in a commercial loan account at Citizens Bank, N.A., the holder of the bonds. The funds are carried at fair value based on quoted market prices and amounted to the following at June 30:

	2016	*2015*
Debt service reserve funds		
Government obligation mutual fund	$ 275,120	$ 1,222,517
Federal Home Loan Mortgage Corporation bond	948,432	-
Federal Farm Credit Banks bond	500,020	-
Federal National Mortgage Association bond	250,003	-
U.S. Treasury note	-	491,290
Federal Home Loan Bank bond	-	250,412
	1,973,575	1,964,219
Project funds		
Citizens Bank, N.A. commercial loan account	10,035,879	-
Funds held by trustees under bond agreements	**$ 12,009,454**	**$ 1,964,219**

Note 7 - Beneficial Interests in Trusts

Beneficial interests in trusts consisted of the following at June 30:

	2016	*2015*
Irrevocable perpetual trust	$ 552,848	$ 589,519
Remainder interest in irrevocable trusts	1,155,142	1,194,488
Remainder interest in irrevocable gift annuity trusts	671,073	736,148
Annuity interest in irrevocable charitable lead annuity trust	30,407	34,603
Beneficial interests in trusts	**$ 2,409,470**	**$ 2,554,758**

The change in the value of the irrevocable trusts is included in other non-operating activities, net on the Statements of Activities and was ($107,922) and ($64,363) at June 30, 2016 and 2015, respectively.

Note 8 - Investment Return

Investment return consisted of the following for the years ended June 30:

		2016		*2015*
Interest and dividends	$	940,761	$	1,029,734
Less: investment fees		(141,893)		(107,279)
Interest and dividends, net of investment fees		798,868		922,455
Net unrealized and realized gains (losses)		(880,134)		487,862
Total investment return	**$**	**(81,266)**	**$**	**1,410,317**

Reconciliation of investment return as presented in the Statements of Activities is as follows for the years ended June 30:

		2016		*2015*
Operating - investment income appropriated	$	1,288,153	$	1,168,447
Non-operating - investment income (loss), net of total return appropriated		(1,369,419)		241,870
Total investment return	**$**	**(81,266)**	**$**	**1,410,317**

Note 9 - Fair Values of Financial Instruments

The valuation of the College's instruments using the fair value hierarchy consisted of the following at June 30, 2016:

	Total	*Investments Measured at NAV*	*Level 1*	*Level 2*	*Level 3*
Assets:					
Beneficial interests in trusts	$ 2,409,470	$ -	$ -	$ -	$ 2,409,470
Investments:					
Cash equivalents	3,238	-	3,238	-	-
Mutual funds - equity:					
Large cap	3,470,194	-	3,470,194	-	-
Small/mid cap	2,723,867	-	2,723,867	-	-
Multiple strategies	3,678,669	-	3,678,669	-	-
International	9,196,670	-	9,196,670	-	-
Other	75,839	-	75,839	-	-
Mutual funds - fixed income:					
Multiple strategies	9,673,297	-	9,673,297	-	-
Other	67,329	-	67,329	-	-
Mutual funds - equity/fixed income	2,302,119	-	2,302,119	-	-
Mutual funds - other	9,902	-	9,902	-	-
Alternative investments:					
Energy debt fund	-	1,958,604	-	-	-
GPA III Private equity fund	-	597,641	-	-	-
Offshore opportunity fund	-	1,036,668	-	-	-
Special situations fund	-	1,646,248	-	-	-
Insurance contracts	51,111	-	-	51,111	-
Artwork	71,700	-	-	-	71,700
Total investments	31,323,935	5,239,161	31,201,124	51,111	71,700
Other assets:					
Funds held by trustees under bond agreements	12,009,454	-	12,009,454	-	-
Total assets	**$ 45,742,859**	**$ 5,239,161**	**$ 43,210,578**	**$ 51,111**	**$ 2,481,170**
Liabilities:					
Fair value of interest rate swaps	**$ 7,952,889**	**$ -**	**$ -**	**$ 7,952,889**	**$ -**

Note 9 - Fair Values of Financial Instruments (Continued)

The valuation of the College's instruments using the fair value hierarchy consisted of the following at June 30, 2015:

	Total	*Investments Measured at NAV*	*Level 1*	*Level 2*	*Level 3*
Assets:					
Beneficial interests in trusts	$ 2,554,758	$ -	$ -	$ -	$ 2,554,758
Investments:					
Cash equivalents	8,073	-	8,073	-	-
Mutual funds - equity:					
Large cap	4,114,635	-	4,114,635	-	-
Small/mid cap	3,689,991	-	3,689,991	-	-
Multiple strategies	3,660,123	-	3,660,123	-	-
International	8,623,805	-	8,623,805	-	-
Other	90,184	-	90,184	-	-
Mutual funds - fixed income:					
Multiple strategies	10,151,310	-	10,151,310	-	-
Other	78,046	-	78,046	-	-
Mutual funds - equity/fixed income	2,437,481	-	2,437,481	-	-
Mutual funds - multi-asset	2,048,448	-	2,048,448	-	-
Mutual funds - other	11,405	-	11,405	-	-
Alternative investments:					
GPA III Private equity fund	-	27,665	-	-	-
Offshore opportunity fund	-	1,105,218	-	-	-
Special situations fund	-	1,822,456	-	-	-
Insurance contracts	48,311	-	-	48,311	-
Artwork	71,700	-	-	-	71,700
Total investments	35,033,512	2,955,339	34,913,501	48,311	71,700
Other assets:					
Funds held by trustees under bond agreements	1,964,219	-	1,964,219	-	-
Total assets	**$ 39,552,489**	**$ 2,955,339**	**$ 36,877,720**	**$ 48,311**	**$ 2,626,458**
Liabilities:					
Fair value of interest rate swaps	**$ 5,765,445**	**$ -**	**$ -**	**$ 5,765,445**	**$ -**

Many of the College's investment funds contain clauses that under certain unusual circumstances trustees and fund managers may limit distributions from the related fund. The College has not experienced such limitations over distributions from its funds during 2016 or 2015.

Note 9 - Fair Values of Financial Instruments (Continued)

The changes in instruments measured at fair value for which the College has used Level 3 inputs to determine fair value are as follows:

		Beneficial Interests in Trusts
Balance as of July 1, 2014	$	2,624,124
Distribution		(5,003)
Change in value of beneficial interests		(64,363)
Balance as of June 30, 2015		2,554,758
Distribution		(37,366)
Change in value of beneficial interests		(107,922)
Balance as of June 30, 2016	**$**	**2,409,470**

There were no unfunded commitments to investments at June 30, 2016.

Note 10 - Property and Equipment

Property and equipment consist of the following at June 30:

		2016		*2015*
Land and improvements	$	6,321,792	$	6,321,792
Buildings and improvements		102,897,212		100,866,413
Furniture, fixtures and equipment		9,758,936		9,526,648
Motor vehicles		808,808		763,156
Construction in progress		4,658,988		2,185,719
Total property and equipment		124,445,736		119,663,728
Less: accumulated depreciation and amortization		(49,487,149)		(45,658,190)
Property and equipment, net	**$**	**74,958,587**	**$**	**74,005,538**

Note 10 - Property and Equipment (Continued)

Interest related to the construction of capital assets is capitalized as a component of the cost of acquiring capital assets. Interest capitalized amounted to $22,433 for the year ended June 30, 2016.

Note 11 - Capital Lease Obligations

The College leases equipment and motor vehicles under various leases which are classified as capital leases. The obligations associated with these leases are included in other liabilities on the Statements of Financial Position. The amount of assets recorded under capital leases is included in property and equipment and had a capitalized value of $398,339 and $298,546 and related accumulated amortization associated of $243,342 and $179,630 at June 30, 2016 and 2015, respectively.

Future minimum lease payments for capital leases are as follows for the years ending June 30:

2017	$	59,745
2018		49,320
2019		37,040
2020		23,622
2021		15,049
Total minimum lease payments		184,776
Less: amount representing interest		(16,753)
	$	**168,023**

Note 12 - Bonds Payable

Bonds payable consist of the following at June 30:

		2016		2015
Term bonds, Massachusetts Development Finance Agency (MDFA) Revenue Bonds, Lasell College Issue, Series 2015. Interest is payable on a monthly basis with the interest rate fixed for ten years at 3% with final maturity in 2045.	$	10,000,000	$	-
Term and serial bonds, Massachusetts Development Finance Agency (MDFA) Revenue Bonds, Lasell College Issue, Series 2011. The serial bonds were due in varying installments plus interest at fixed rates ranging from 2.0% to 3.5% with final maturity on July 1, 2016. The term bonds are due in varying installments plus interest at fixed rates ranging from 5% to 6% with final maturity in 2041.		22,920,000		23,560,000
Term bonds, Massachusetts Development Finance Agency (MDFA) Revenue Bonds, Lasell College Issue, Series 2008. Interest is payable on a monthly basis with interest accruing at the prevailing market rate at approximately 4.59% at June 30, 2016.		10,410,000		10,655,000
Term bonds, Massachusetts Development Finance Agency (MDFA) Revenue Bonds, Lasell College Issue, Series 2006. Interest is payable on a monthly basis with interest accruing at the prevailing market rate at approximately 4.92% at June 30, 2016.		16,835,000		17,145,000
		60,165,000		51,360,000
Less: bond issuance costs		(944,626)		(870,634)
Less: unamortized discount		(486,026)		(522,188)
Bonds payable, net	**$**	**58,734,348**	**$**	**49,967,178**

In October 2015, the College entered into an agreement with Citizens Bank N.A. for the issuance of $10 million of Series 2015 bonds. The bond issuance is a tax-exempt direct purchase bond agreement through the Massachusetts Development Finance Agency, with a maturity date of 2045 and the interest rate fixed for ten years at 3%. The debt covenants and security interests are the same as those for existing bond obligations. The College will be using most of the bond proceeds to construct a new state of the art academic center utilizing new and renovated structures. The academic center will house modern classrooms, science and mathematics labs, an athletic training lab, faculty offices and student academic meeting spaces. The anticipated completion date for the project is December 2017.

On September 1, 2009, the College entered into a direct purchase agreement with Citizens Bank N.A., in which $30,000,000 (Series 2006 and 2008 MDFA Revenue Bonds) was acquired by the bank as qualified tax-exempt debt. The interest rate on these bonds is fixed via the use of swaps. The debt is up for renewal with Citizens Bank N.A. in 2022.

Note 12 - Bonds Payable (Continued)

The bonds are secured by the tuition receipts of the College. The College is in compliance with all bond covenants as of June 30, 2016.

Sinking fund requirements and aggregate principal repayments on the bonds for the next five years and thereafter are as follows for the years ending June 30:

2017	$ 1,296,519
2018	1,513,119
2019	1,590,134
2020	1,672,371
2021	1,739,835
Thereafter	52,353,022
	$ 60,165,000

Interest expense on the bonds was $2,877,105 and $2,699,104 for the years ended June 30, 2016 and 2015, respectively.

Bond issuance costs are capitalized and amortized on the straight-line basis over the life of the bonds. Bond issuance costs of $1,268,615 and $1,154,247 are net of accumulated amortization of $323,989 and $283,612 at June 30, 2016 and 2015, respectively. Amortization expense related to the bond issuance costs amounted to $40,377 and $37,525 for the years ended June 30, 2016 and 2015, respectively.

Note 13 - Derivative Instruments

The College uses interest rate swaps to manage interest rate risk exposure. The College's interest rate swaps effectively mitigate exposure to interest rate risk, primarily through converting portions of floating rate debt under the bond agreement to a fixed rate basis. These agreements involve the receipt or payment of floating rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amounts. The College does not enter into derivative instruments for trading or speculative purposes.

Each of the College's interest rate swaps has been recorded as a liability in the Statements of Financial Position at fair value. Changes in fair value are recorded as gains or losses on swap contracts in the period incurred.

As a result of the use of derivative instruments, the College is exposed to risk that the counterparties will fail to meet their contractual obligation. To mitigate the counterparty risk, the College only enters into contracts with selected major financial institutions based upon their credit ratings and other factors, and continually assesses the creditworthiness of counterparties. At June 30, 2016 and 2015, all of the counterparties to the College's interest rate swaps had investment grade ratings. To date, all counterparties have performed in accordance with their contractual obligation. The current year swaps contain no credit risk-related contingent features in the College's interest rate swaps nor do the swaps contain provisions under which the College has, or would be required, to post collateral.

Note 13 - Derivative Instruments (Continued)

The College had the following interest rate swap liabilities outstanding at June 30, 2016 and 2015:

2016

	Remaining Notional Amount	Termination Date	Interest Rate Received	Interest Rate Paid		Fair Value
$	10,464,030	7/01/2038	68% of one month LIBOR	3.435%	$	2,773,889
	11,460,000	7/01/2036	67% of one month LIBOR	3.745%		4,001,835
	5,375,000	7/01/2031	67% of one month LIBOR	3.795%		1,177,165
$	**27,299,030**				**$**	**7,952,889**

2015

	Remaining Notional Amount	Termination Date	Interest Rate Received	Interest Rate Paid		Fair Value
$	10,704,398	7/01/2038	68% of one month LIBOR	3.435%	$	1,956,313
	11,545,000	7/01/2036	67% of one month LIBOR	3.745%		2,856,134
	5,600,000	7/01/2031	67% of one month LIBOR	3.795%		952,998
$	**27,849,398**				**$**	**5,765,445**

Note 14 - Net Assets and Endowment Matters

The College's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles ("GAAP"), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Unrestricted Net Assets

Unrestricted net assets are comprised of the following at June 30:

		2016		***2015***
Property and equipment	$	19,874,909	$	20,051,771
Board-designated:				
Functioning as endowment		24,228,170		25,052,901
Operating		1,115,207		113,752
	$	**45,218,286**	**$**	**45,218,424**

Property and equipment - The value of buildings and equipment, net of depreciation, used in the College's operations. This amount is offset by outstanding liabilities related to the assets, such as bond debt.

Board-designated - Funds set aside by the Board of Trustees for strategic purposes and to provide investment income to support operations. These amounts may only be used with the approval of the Board of Trustees.

Operating - Discretionary funds available for carrying on the operating activities of the College.

Note 14 - Net Assets and Endowment Matters (Continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of the following at June 30:

	2016	***2015***
Unrealized and realized cumulative net gains on permanently restricted investments:		
General support	$ 724,998	$ 947,159
Restricted	397,794	550,430
	1,122,792	1,497,589
Purpose restricted	431,962	404,162
Time restricted:		
Contributions receivable	1,739,798	86,660
Split-interest agreements	127,669	138,745
Donor restricted	1,000,000	1,150,000
Beneficial interests held by others	1,856,622	1,965,239
	$ 6,278,843	**$ 5,242,395**

Unrealized and realized cumulative net gains on permanently restricted investments - Under Massachusetts state law, these amounts represent unappropriated gains on permanently restricted endowment net assets.

Purpose restricted - Amounts received with donor restrictions which have not yet been expended for their designated purposes.

Time restricted - Amounts received with or without donor restrictions for various purposes which have not yet been expended for their designated purposes.

Split-interest agreements - Assets under split-interest agreements, with either an unrestricted or purpose restricted remainder interest, for which the use of the remainder interest is by nature time restricted.

Beneficial interests held by others - Assets held in trust where the College is the beneficiary of an unrestricted or purpose restricted remainder interest.

Note 14 - Net Assets and Endowment Matters (Continued)

Permanently Restricted Net Assets

Permanently restricted net assets are comprised of the following at June 30:

		2016		2015
Endowment principal:				
General support	$	4,358,889	$	4,296,742
Restricted		3,095,764		3,095,664
		7,454,653		7,392,406
Split-interest agreements		16,214		18,941
Beneficial interest held in perpetuity by others		552,848		589,519
Loan funds		9,000		9,000
	$	**8,032,715**	**$**	**8,009,866**

Endowment principal - Amounts restricted by donors against any expenditure of principal. Substantially all the income earned on principal may be used for general or donor-restricted purposes and is recorded in unrestricted net assets or temporarily restricted net assets, as appropriate.

Split-interest agreements - Assets under split-interest agreements for which the remainder interest is permanently restricted by the donor.

Beneficial interest held in perpetuity by others - Assets held in trust in perpetuity for which the College is the beneficiary of annual distributions of income.

Net assets released from restrictions consist of the following during the years ended June 30:

		2016		2015
Operating:				
Program services	$	391,836	$	459,422
Distribution from split-interest agreements		12,366		5,003
Satisfaction of donor time restriction		25,000		25,000
Total operating		429,202		489,425
Non-operating:				
Capital improvements		1,431,910		155,000
Collection of unrestricted pledges receivable		19,646		30,495
Satisfaction of donor time restriction		125,000		125,000
Termination of split-interest agreements		36,030		-
Total non-operating		1,612,586		310,495
Total	**$**	**2,041,788**	**$**	**799,920**

Note 14 - Net Assets and Endowment Matters (Continued)

The following represents required disclosure relative to the composition and activities of endowment and funds functioning as endowment for the year ended June 30, 2016:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Donor-restricted endowment funds	$ -	$ 2,122,792	$ 7,470,867	$ 9,593,659
Other endowment funds	-	1,984,291	552,848	2,537,139
Board-designated funds	24,228,170	-	-	24,228,170
Total funds	**$ 24,228,170**	**$ 4,107,083**	**$ 8,023,715**	**$ 36,358,968**

	Unrestricted Net Assets	*Temporarily Restricted Net Assets*	*Permanently Restricted Net Assets*	*Total*
Endowment assets and those functioning as endowment assets at beginning of year	$ 25,052,901	$ 4,751,573	$ 8,000,866	$ 37,805,340
Gifts and additions	412,254	-	64,332	476,586
Change in fair value of split-interest agreements	116,583	2,755	920	120,258
Change in fair value of beneficial interests in trusts	-	(71,251)	(36,671)	(107,922)
Endowment returns:				
Interest and dividends, net of investment expenses	568,704	164,051	638	733,393
Net realized and unrealized gains (losses)	(666,366)	(220,294)	(985)	(887,645)
Total endowment returns	(97,662)	(56,243)	(347)	(154,252)
Expenditures:				
Amounts appropriated for operations	(1,071,691)	(318,759)	-	(1,390,450)
Expenditures	(220,245)	(2,596)	(3,300)	(226,141)
Total expenditures	(1,291,936)	(321,355)	(3,300)	(1,616,591)
Net assets released from restrictions and transferred to operations	36,030	(198,396)	(2,085)	(164,451)
Change in endowment assets and those functioning as endowment assets	(824,731)	(644,490)	22,849	(1,446,372)
Endowment assets and those functioning as endowment assets at end of year	**$ 24,228,170**	**$ 4,107,083**	**$ 8,023,715**	**$ 36,358,968**

Note 14 - Net Assets and Endowment Matters (Continued)

The following represents required disclosure relative to the composition and activities of endowment and funds functioning as endowment for the year ended June 30, 2015:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Donor-restricted endowment funds	$ -	$ 2,647,589	$ 7,411,347	$ 10,058,936
Other endowment funds	-	2,103,984	589,519	2,693,503
Board-designated funds	25,052,901	-	-	25,052,901
Total funds	**$ 25,052,901**	**$ 4,751,573**	**$ 8,000,866**	**$ 37,805,340**

	Unrestricted Net Assets	*Temporarily Restricted Net Assets*	*Permanently Restricted Net Assets*	*Total*
Endowment assets and those functioning as endowment assets at beginning of year	$ 24,829,157	$ 4,810,029	$ 7,981,548	$ 37,620,734
Gifts and additions	299,826	-	52,093	351,919
Change in fair value of split-interest agreements	70,639	116,268	950	187,857
Change in fair value of beneficial interests in trusts	-	(32,591)	(31,772)	(64,363)
Endowment returns:				
Interest and dividends, net of investment expenses	685,142	200,773	(332)	885,583
Net realized and unrealized gains	353,422	130,399	1,679	485,500
Total endowment returns	1,038,564	331,172	1,347	1,371,083
Expenditures:				
Amounts appropriated for operations	(947,656)	(315,707)	-	(1,263,363)
Expenditures	(237,629)	(2,595)	(3,300)	(243,524)
Total expenditures	(1,185,285)	(318,302)	(3,300)	(1,506,887)
Reclassification of net assets	-	(155,003)	-	(155,003)
Change in endowment assets and those functioning as endowment assets	223,744	(58,456)	19,318	184,606
Endowment assets and those functioning as endowment assets at end of year	**$ 25,052,901**	**$ 4,751,573**	**$ 8,000,866**	**$ 37,805,340**

Note 14 - Net Assets and Endowment Matters (Continued)

Interpretation of Relevant Law and Spending Policy

The Attorney General of Massachusetts has issued written guidance that all gains on permanently restricted endowment funds that have not been appropriated in accordance with the law should be classified as temporarily restricted net assets unless otherwise restricted by the donor.

State law allows the Board of Trustees to appropriate a percentage of net appreciation as is prudent considering the College's long- and short-term needs, present and anticipated financial requirements, and expected total return on its investments, price level trends and general economic conditions. The College's endowment spending policy is computed based on the average market value for the previous three fiscal year ends. The percentage spent was 4.0% for the years ended June 30, 2016 and 2015. The Board of Trustees has approved the continuation of the 4.0% spending rate for the year ended June 30, 2017.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are then reported in unrestricted net assets. In the event that a donor-restricted endowment fund is in a deficiency, the spending rate for that fiscal year is taken only to the extent of current year net interest and dividend income for that fund. As of June 30, 2016 and 2015, there were no funds with deficiencies included in unrestricted net assets.

Return Objectives and Risk Parameters

The College's investment portfolio is managed to provide for the long-term support of the College. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed upon levels of risk. The target for average annual real total return (net of investment management fees and inflation) should equal or exceed the College's spending rate plus core CPI over a rolling 5-year period, targeting an overall performance ranging between 8% - 13% over that period.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, the College seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

Note 15 - Employee Benefit Plans

All full-time and part-time faculty and staff of the College working in excess of 1,000 hours per year are eligible after one year of service to participate in a defined contribution retirement plan administered by Teachers Insurance and Annuity Association and the College Retirement Equities Fund ("TIAA-CREF"). The College matches, on a 1 to 1 basis, employee contributions to a maximum of 7.5% of annual base salary. Employees may also elect to participate in a supplemental tax-deferred annuity plan sponsored by TIAA-CREF. Contributions may not exceed amounts permitted by the Internal Revenue Code. Retirement plan expense was $937,210 and $950,025 for the years ended June 30, 2016 and 2015, respectively.

During the years ended June 30, 2016 and 2015, the College offered retirement plans pursuant to Sections 457(b) and 457(f) of the Internal Revenue Code for certain employees. The College contributed $17,500 to the plans for the years ended June 30, 2016 and 2015. The assets and liabilities related to the plan totaled $120,000 and $80,000 at June 30, 2016 and 2015, respectively.

Eligible employees may elect to participate in the College's health insurance program. Effective July 1, 2013, the College began purchasing its health insurance from the Educators Health Insurance Exchange of New England ("EdHealth"), a self-insured plan developed by the members of the Collaborative Educational Ventures of New England ("CEVoNE").

Employees may also participate in a flexible spending plan and make contributions for certain benefits such as healthcare and dependent care assistance programs on a pre-tax basis.

Note 16 - Related-Party Transactions

The College and Lasell Village (the "Village") have several contractual relationships as follows:

Land Lease

The Village leases the land on which its facility is located under a thirty-year lease agreement with the College that expires in December 2028. The remaining lease payments include annual payments of $207,509 through 2021. Future minimum lease payments to the College are as follows for the years ending June 30:

2017	$	207,509
2018		207,509
2019		207,509
2020		207,509
2021		207,509
	$	**1,037,545**

In addition, under the terms of the ground lease agreement, the Village is responsible for payment of additional ground rent to the College to include all taxes, assessments, betterments, excises, user fees and any other municipal government fees or charges that might be levied.

Note 16 - Related-Party Transactions (Continued)

Land Lease (Continued)

Land lease income is recorded on the straight-line basis over the lease term. Lease income recognized in the years ended June 30, 2016 and 2015 is $205,840. Deferred lease income has been recorded for the amount of lease income received in excess of the straight-line lease income, the cumulative amount of which was approximately $1,484,000 and $1,482,000 at June 30, 2016 and 2015, respectively.

Other Village Agreements

In 2010, the College and the Village entered into a five-year Master Service Agreement (the "Agreement") which was due to expire on June 30, 2015. The Agreement was amended in 2016 to extend the expiration date to June 30, 2020. The Agreement is comprised of five separate agreements which cover management, educational services, information technology services, maintenance and security. Under the management portion of the Agreement, the Village is required to make monthly payments to the College totaling 2.9% and 3.9% of the monthly operating revenues of the Village for the years ended June 30, 2016 and 2015, respectively. At the end of the fiscal year, the College shall receive from the Village 10% of any surplus up to $200,000 and 5% of any operating surplus in excess of $200,000. The educational services portion of the agreement is calculated on a cost plus 20% basis, the information technology services agreement is calculated on a cost plus 15% basis, the maintenance agreement is calculated on a cost plus 10% basis and the security services agreement is calculated on a cost plus 15% basis.

A summary of payments from the Village to the College under the above agreements is as follows for the years ended June 30:

	2016	***2015***
Land lease	$ 207,509	$ 207,509
Management fees	506,282	600,054
Executive fees	283,946	280,604
Educational services fees	235,958	253,175
Information technology services fees	114,562	102,298
Maintenance and security fees	739,309	688,410
Total payments	**$ 2,087,566**	**$ 2,132,050**

The College recognized $1,880,057 and $1,924,541 in revenue related to the agreement with the Village for the years ended June 30, 2016 and 2015, respectively, which is included in auxiliary enterprises revenue in the Statements of Activities. Land lease income recognized, $205,840 for each of the years ended June 30, 2016 and 2015, is included in non-operating activities on the Statements of Activities.

At June 30, 2016 and 2015, $173,091 and $129,388, respectively, was payable by the Village to the College, the receivable of which is included in other assets on the Statements of Financial Position.

Note 17 - Collaborative Services

The College has agreements for collaborative policing and information technology services with two other local colleges, with the goal of providing quality services to each college campus in a cost effective manner. Public safety services is with one college and expires in 2018, and information technology services is with the other college and expires in 2017.

Note 18 - Commitments and Contingencies

The College committed to pay a fee to a third party equal to 10% of ground rental payments made by the Village to the College through 2021. In both the years ended June 30, 2016 and 2015, $20,751 was expensed for this purpose.

Future minimum payments under this fee arrangement are as follows for the years ending June 30:

2017	$	20,751
2018		20,751
2019		20,751
2020		20,751
2021		20,751
	$	**103,755**

The College has entered into various operating lease agreements. The leases generally require that the College pay for insurance, maintenance and certain other operating expenses. Lease expense related to these agreements was $297,118 and $235,449 in fiscal years 2016 and 2015, respectively. Future minimum lease payments are as follows for the years ending June 30:

2017	$	267,075
2018		164,789
2019		66,762
2020		9,671
	$	**508,297**

The College is periodically involved in claims, suits and other legal matters, all of which arise in the normal course of business. Management does not believe that the outcome of any currently pending matters, either individually or in the aggregate, will have a material impact on the College's financial position, changes in net assets and cash flows.

All funds expended by the College in connection with government grants are subject to review or audit by government agencies. In the opinion of management, any liability resulting from a review or audit would not have a significant impact on the financial statements of the College.

Note 18 - Commitments and Contingencies (Continued)

The College participates in the Massachusetts College Savings Prepaid Tuition Program. This program allows participants to lock in tuition prices by limiting future increases to the changes in CPI plus 2%. This could result in discounts on tuition charged to students in the future.

The College has employment agreements with its President and six members of its senior management team that stipulate a variety of business terms typical in the education sector.

An agreement exists with a former President and/or his wife to reside at Lasell Village at their discretion upon attaining the age of 65. The College would be responsible for loaning the former President 90% of the entrance fee which would revert to the College upon the former President and his wife's departure or death.

The College has an agreement with a company to operate the College's food services on campus, including the dining hall, providing the exclusive right to provide meals related to the meal plan, flex dollars, and the operation of all retail operations. The contract is up for renewal in 2024.

The College has an agreement with Citizens Bank N.A. for a $3 million demand line of credit. Interest is computed on one month LIBOR plus 3% and security interests are the same as those for the bond obligations (see Note 12). As of June 30, 2016, there was no outstanding balance on the line of credit.

The College has entered into a contract to construct a new state of the art academic center on its campus, utilizing new and renovated structures, which is expected to be completed in December 2017. The total remaining obligation for this contract at June 30, 2016 was $17,435,575. In addition, the College has entered into a contract for the renovation of a building on its campus which is expected to be completed in March 2017. The total remaining obligation for this contract at June 30, 2016 was $1,236,649.