DARTMOUTH COLLEGE

Financial Statements

2018 – 2019

Report of Independent Auditors

To the Board of Trustees of Dartmouth College

We have audited the accompanying consolidated financial statements of Dartmouth College and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities for the year ended June 30, 2019 and of expenses and of cash flows for the years ended June 30, 2019 and 2018.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dartmouth College and its subsidiaries as of June 30, 2019 and 2018, and the changes in their net assets for the year ended June 30, 2019 and their cash flows for the years ended June 30, 2019 and 2018 in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note A to the consolidated financial statements, Dartmouth College changed the manner in which it presents net assets and reports certain aspects of its financial statements as a not-for-profit entity in 2019. Our opinion is not modified with respect to this matter.

Other Matter

We previously audited the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, of operating expenses and of cash flows for the year then ended (not presented herein), and in our report dated October 24, 2018, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying summarized financial information as of June 30, 2018 and for the year then ended is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

PricewaterhouseCoopers LLP

Boston, Massachusetts
October 25, 2019

Dartmouth College

Consolidated Statements of Financial Position

As of June 30, 2019 and June 30, 2018
(in thousands)

	2019	2018
Assets		
Cash and cash equivalents	$ 293,924	$ 203,676
Receivables and other assets, net	142,588	133,016
Pledges receivable, net	414,261	352,079
Investments, at fair value	6,762,748	6,576,456
Land, buildings, equipment, and construction in progress, net	993,531	967,686
Total assets	$ 8,607,052	$ 8,232,913
Liabilities		
Accounts payable and other liabilities	$ 122,180	$ 91,833
Deferred revenues and deposits	47,189	48,011
Liability for split-interest agreements	49,790	51,637
Pension and other employment related obligations	353,718	353,606
Bonds, mortgages, and notes payable, net	1,033,744	1,052,782
Interest rate swap liabilities, at fair value	185,098	135,102
Conditional asset retirement obligations	24,018	24,062
Government advances for student loans	18,286	17,797
Total liabilities	1,834,023	1,774,830
Net Assets		
Without donor restrictions	1,530,824	1,524,144
With donor restrictions	5,242,205	4,933,939
Total net assets	6,773,029	6,458,083
Total liabilities and net assets	$ 8,607,052	$ 8,232,913

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Activities

For the year ended June 30, 2019, with summarized financial information for the year ended June 30, 2018
(in thousands)

	Without donor restrictions	With donor restrictions	Total 2019	Total 2018
Endowment Activities				
Gifts	$ 57	$ 82,241	$ 82,298	$ 102,049
Net investment return	87,663	299,186	386,849	591,750
Distributed for spending	(56,926)	(195,758)	(252,684)	(236,534)
Other changes	(4,215)	(2,541)	(6,756)	8,325
Amounts transferred from other funds, net	25,252	2,159	27,411	72,120
Change in net assets from endowment activities	51,831	185,287	237,118	537,710
Operating Activities				
Revenues				
Tuition and fees, net of scholarships of $164,535 in 2019 and $158,094 in 2018	225,774	-	225,774	216,174
Sponsored research grants and contracts	155,620	-	155,620	169,948
Dartmouth College Fund and other gifts	77,155	17,430	94,585	90,793
Distributed endowment investment return	239,923	10,770	250,693	234,616
Other operating income	116,879	1,368	118,247	100,415
Auxiliaries	82,469	-	82,469	81,548
Net assets released from restrictions	11,273	(11,273)	-	-
Total revenues	909,093	18,295	927,388	893,494
Expenses				
Academic and student programs	577,984	-	577,984	560,168
Sponsored programs	110,809	-	110,809	125,182
General institutional services	118,857	-	118,857	101,606
Auxiliaries	87,131	-	87,131	87,150
Total expenses	894,781	-	894,781	874,106
Change in net assets from operating activities	14,312	18,295	32,607	19,388
Non-operating Activities				
Gifts	-	91,240	91,240	69,554
Distributed endowment investment return	612	1,379	1,991	1,918
Revenue and other non-operating changes, net	21,088	7,749	28,837	26,704
Non-operating expenses	(37,526)	(2,060)	(39,586)	(29,186)
Other components of net periodic benefit cost	(8,520)	-	(8,520)	(7,965)
Increase in outstanding pledges, net	-	62,182	62,182	107,365
Pension and postretirement benefit related changes other than net periodic benefit cost	271	-	271	64,198
Change in unrealized gain related to interest rate swap agreements	(49,996)	-	(49,996)	40,544
Net assets released from restrictions	40,325	(40,325)	-	-
Amounts transferred to endowment, net	(25,490)	(1,921)	(27,411)	(72,120)
Net change in split-interest agreements	(227)	(13,560)	(13,787)	(18,397)
Change in net assets from non-operating activities	(59,463)	104,684	45,221	182,615
Change in net assets	6,680	308,266	314,946	739,713
Net Assets, beginning of year	1,524,144	4,933,939	6,458,083	5,718,370
Net Assets, end of year	$ 1,530,824	$ 5,242,205	$ 6,773,029	$ 6,458,083

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Expenses

For the year ended June 30, 2019
(in thousands)

	Academic & Student Programs	Sponsored Programs	General Institutional Services: Administrative Support	General Institutional Services: Facilities Operation & Maintenance	General Institutional Services: Development	General Institutional Services: Total	Auxiliaries	Total Operating Expenses	NonOperating Expenses	Total Expenses
Salaries and wages	$ 247,833	$ 50,690	$ 30,138	$ 19,702	$ 23,731	$ 73,571	$ 15,168	$ 387,262	$ -	$ 387,262
Employee benefits	77,833	15,919	9,465	6,187	7,453	23,105	4,764	121,621	10,413	132,034
Fellowships and student support	13,312	3,405	-	-	-	-	-	16,717	-	16,717
Materials, equipment, and supplies	38,334	8,134	6,388	2,094	1,408	9,890	17,901	74,259	120	74,379
Purchased services	47,287	29,126	5,205	4,641	5,310	15,156	12,079	103,648	2,104	105,752
Utilities, taxes, and occupancy	1,858	83	-	33,834	467	34,301	8,664	44,906	138	45,044
Depreciation and amortization	45,702	-	3,340	5,285	383	9,008	9,883	64,593	-	64,593
Lodging, travel, and similar costs	24,376	3,179	1,105	95	2,384	3,584	143	31,282	17	31,299
Interest	-	-	-	23,180	-	23,180	1,404	24,584	12,911	37,495
Other expenses	7,085	273	16,241	373	1,070	17,684	867	25,909	22,403	48,312
	503,620	110,809	71,882	95,391	42,206	209,479	70,873	894,781	48,106	942,887
Facilities operation & maintenance	74,364	-	4,555	(95,391)	214	(90,622)	16,258	-		-
Total expenses for FY19	$ 577,984	$ 110,809	$ 76,437	$ -	$ 42,420	$ 118,857	$ 87,131	$ 894,781	$ 48,106	$ 942,887

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Expenses

For the year ended June 30, 2018
(in thousands)

			General Institutional Services							
	Academic & Student Programs	Sponsored Programs	Administrative Support	Facilities Operation & Maintenance	Development	Total	Auxiliaries	Total Operating Expenses	NonOperating Expenses	Total Expenses
Salaries and wages	$ 241,729	$ 50,263	$ 29,180	$ 18,845	$ 23,344	$ 71,369	$ 16,358	$ 379,719	$ -	$ 379,719
Employee benefits	75,192	15,635	9,077	5,862	7,261	22,200	5,088	118,115	10,010	128,125
Fellowships and student support	13,607	3,718	-	-	-	-	-	17,325	-	17,325
Materials, equipment, and supplies	36,756	9,301	7,224	1,604	1,160	9,988	17,709	73,754	125	73,879
Purchased services	42,309	42,588	4,571	3,592	4,527	12,690	11,526	109,113	1,228	110,341
Utilities, taxes, and occupancy	1,961	127	-	31,620	494	32,114	8,132	42,334	184	42,518
Depreciation and amortization	46,857	-	3,903	4,866	380	9,149	9,895	65,901	-	65,901
Lodging, travel, and similar costs	24,656	3,258	1,269	109	2,228	3,606	148	31,668	17	31,685
Interest	-	-	-	24,937	-	24,937	1,407	26,344	15,811	42,155
Other expenses	5,585	292	1,651	302	751	2,704	1,252	9,833	9,776	19,609
	488,652	125,182	56,875	91,737	40,145	188,757	71,515	874,106	37,151	911,257
Facilities operation & maintenance	71,516	-	4,380	(91,737)	206	(87,151)	15,635	-		-
Total expenses for FY19	$ 560,168	$ 125,182	$ 61,255	$ -	$ 40,351	$ 101,606	$ 87,150	$ 874,106	$ 37,151	$ 911,257

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended June 30, 2019 and June 30, 2018
(in thousands)

	2019	2018
Cash flows from operating activities		
Total change in net assets	$ 314,946	$ 739,713
Adjustments to reconcile total change in net assets to net cash used in operating activities:		
Depreciation and amortization	64,549	65,721
Change in estimated value of interest rate swap agreements	49,996	(40,544)
Change in estimated pension and post-retirement benefit obligation	(1,301)	(50,365)
Net change in split-interest liability	(1,847)	(1,078)
Change in pledges receivable, net	(62,182)	(107,365)
Other non-cash transactions	850	885
Contributions, investment income, and other changes restricted for long-term investment	(142,923)	(198,154)
Net realized (gains) losses and changes in net unrealized (gains) losses	(410,196)	(620,898)
Changes in operating assets and liabilities:		
Receivables and other assets, net	(11,226)	142
Accounts payable and other liabilities	27,454	(6,186)
Deferred revenues and deposits	(822)	8,036
Employment related obligations	1,413	3,099
Net cash used in operating activities	(171,289)	(206,994)
Cash flows from investing activities		
Student loans granted	(7,677)	(5,796)
Student loans repaid	9,351	10,234
Purchases of land, buildings, and equipment	(89,298)	(65,161)
Purchases of investments	(5,695,394)	(4,673,592)
Sales and maturities of investments	5,919,298	4,931,493
Net cash provided by investing activities	136,280	197,178
Cash flows from financing activities		
Proceeds from issuance of debt	-	46,831
Repayment of debt	(18,155)	(204,736)
Contributions, investment income, and other changes restricted for long-term investment in:		
Facilities	37,206	23,795
Endowment, life income, and similar funds	105,717	174,359
Changes in government advances for student loans	489	(2,754)
Net cash provided by financing activities	125,257	37,495
Net change in cash and cash equivalents	90,248	27,679
Cash and cash equivalents, beginning of year	203,676	175,997
Cash and cash equivalents, end of year	$ 293,924	$ 203,676
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 41,486	$ 45,252
Accounts payable related building and equipment additions	$ 2,849	$ 1,838
Fair value of securities received	$ 105,521	$ 123,067

See accompanying notes to the consolidated financial statements.

A. Summary of Significant Accounting Policies

Description of Organization

Dartmouth College (Dartmouth) is a private, nonprofit, co-educational, nonsectarian institution of higher education with approximately 4,400 undergraduate and 2,200 graduate students. Established in 1769, Dartmouth includes the four-year undergraduate college, with graduate schools of business, engineering, medicine, and arts and sciences.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis. Dartmouth's consolidated financial statements include the accounts of its wholly owned subsidiaries and certain affiliated organizations over which it has financial control. The wholly owned subsidiaries and financially controlled entities include real estate corporations, which own real estate in the Hanover, NH area; the Dartmouth Education Loan Corporation (DELC), which provides scholarships and loans to Dartmouth students who are unable to finance their education through other sources; and various separately incorporated entities which support experiential learning and other activities that enrich the experience of students and the community.

In accordance with accounting principles generally accepted in the United States of America and with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, Dartmouth classifies its net assets into two categories according to donor restrictions; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include all resources that are not subject to donor restrictions and therefore may be used for any purpose in furtherance of Dartmouth's mission. Under the authority of Dartmouth's management and Board of Trustees, in order to support Dartmouth's strategic initiatives, all or a portion of net assets without donor restrictions may be set aside in segregated Dartmouth-designated reserve accounts and earmarked for use in future years by specific departments, divisions or schools to cover program costs or contingencies. These Dartmouth-designated net assets include funds designated for operating initiatives, facilities, and long-term quasi-endowment. In the case of quasi-endowment funds designated for long-term investment by Dartmouth, investment return that has been appropriated by Dartmouth's Board of Trustees is presented as an increase in net assets without donor restrictions in either operating or non-operating activities, depending upon Dartmouth's intended use of the funds. The purposes for which Dartmouth-designated net assets are earmarked may be changed under the authority of Dartmouth's management or Board of Trustees. The use of designated net assets is at the discretion of the responsible department. All operating expenses are recorded as a reduction of net assets without donor restrictions.

Net assets with donor restrictions carry donor restrictions on the expenditure or other use of contributed funds. These restrictions may expire either because of the passage of time or because actions are taken to fulfill the restrictions, or they may never lapse, thus requiring that the net assets be retained permanently. Net assets with donor restrictions include unexpended endowment return, unexpended restricted use gifts, term endowment funds, loan funds, certain uncollected pledges, life income and similar funds, and the original principal of endowment gifts. Donor-restricted resources intended for capital projects are released from their restrictions and presented as net assets without donor restrictions when the related asset is placed in service. Donor restricted endowment distribution and donor-restricted gifts which are received, and either spent or deemed spent within the same fiscal year, are reported as net assets without donor restrictions. Investment return from endowment activities that has been appropriated by Dartmouth's Board of Trustees is presented as an increase in operating or non-operating activities according to the restricted nature of the donor's intended use of the funds.

Comparative Financial Information

The 2019 consolidated financial statements are presented with certain prior-year comparative information summarized in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Dartmouth's consolidated financial statements for the year ended June 30, 2018, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the fiscal year 2019 presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates in these consolidated financial statements are the fair value of investments, interest rate swap agreements, pension and postretirement benefit obligations, conditional asset retirement obligations, liabilities for self-insured programs and split-interest agreements, and allowances for uncollectible accounts and pledges receivable. Actual results could differ materially from these estimates, particularly during periods of investment and/or interest rate volatility.

Recent Accounting Pronouncements

In fiscal year 2019, Dartmouth adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. The guidance is intended to improve the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The significant changes under the new guidance include the reduction of net asset classifications to two categories based on the existence or absence of donor restrictions, and additional disclosure requirements related to board designation of net assets and related to the liquidity and availability of the entity's financial assets. As a result of implementing this standard, prior year amounts for temporarily restricted and permanently restricted net assets have been combined into net assets with donor restrictions. Dartmouth has applied this guidance on a retrospective basis.

In fiscal year 2019, Dartmouth adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services, by allocating the transaction price to identified performance obligations, and recognizing that revenue as performance obligations are satisfied. Dartmouth has evaluated and applied the guidance on a modified retrospective basis. The adoption of this standard did not have a significant impact on Dartmouth's financial statements.

In fiscal year 2019, Dartmouth adopted ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The guidance no longer requires Dartmouth to disclose transfers between level 1 and level 2 of the fair value hierarchy. Additionally, the guidance requires disclosure of the weighted average of the unobservable inputs for level 3 investments. For investments in certain entities that calculate net asset value, the guidance now only requires disclosure of the timing of liquidation of the underlying assets if the investment manager has communicated the timing to Dartmouth or announced the timing publicly. The ASU is effective for Dartmouth's fiscal year 2021; however, as permitted by the ASU, Dartmouth chose to early adopt.

In fiscal year 2019, Dartmouth adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. which provides guidance for evaluating whether transactions should be accounted for as contributions or exchange transactions and clarifies the criteria for evaluating whether contributions are unconditional (and thus recognized immediately in income) or conditional (for which income recognition is deferred). Dartmouth has evaluated and applied the guidance on a modified prospective basis. The adoption of this standard did not have a significant impact on Dartmouth's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842*), which provides guidance for leases from both the lessor's and lessee's perspective. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities for those leases classified as operating leases. The new standard will be effective for the fiscal year ending June 30, 2020. Dartmouth is planning for the implementation of this new standard.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The ASU is effective for Dartmouth's fiscal year 2020; however, as permitted by the ASU, Dartmouth chose to early adopt the provision to eliminate the requirement to disclose the fair value of financial instruments measured at cost (such as the fair value of debt) in fiscal year 2016. Dartmouth is evaluating the impact of the remainder of the new guidance on the consolidated financial statements.

Consolidated Statement of Activities

Operating activities presented in the Consolidated Statement of Activities consist of revenues earned, endowment net investment return appropriated by Dartmouth's Board of Trustees, and expenses incurred in conducting Dartmouth's programs and services. Auxiliary enterprises, primarily the operation of residence halls, dining services, and recreational facilities, are included in operating activities. Expenses such as development, public affairs, and central services and administration are reported as general institutional services. Depreciation and facilities operations and maintenance expenses are allocated to functional classifications of expenses based on the square footage of each building. Amortization expense of capitalized information technology costs is allocated to the functional classification that the technology supports. Interest expense is allocated to functional classifications of expenses based on the use of each building that has been debt financed. Employee benefits expense is allocated based on salary and wage expense.

Non-operating activities presented in the Consolidated Statement of Activities consist of gifts for facilities projects, split interest agreements, and gifts whose purpose has not yet been finalized, grants, investment income, other earnings, and endowment investment return appropriated by Dartmouth's Board of Trustees for loan programs and the construction, purchase or sale of capital assets, non-capitalizable construction in progress, net change in life income and similar split-interest agreements, the net change in pledges receivable, the net change in the estimated value of interest rate swap agreements, and postretirement benefit changes other than service cost.

Endowment activities presented in the Consolidated Statement of Activities consist of gifts that are restricted by donors to invest in perpetuity, amounts designated by Dartmouth's management and Board of Trustees for long-term investment, the net investment return on these invested funds, and the annual distribution of an amount appropriated by Dartmouth's Board of Trustees to support operating and non-operating activities. Other endowment activities include increases in endowment net assets from certain matured split-interest agreements.

Endowment and non-operating activities also include transfers of net assets that occur when donors change the restrictions on certain gifts or when Dartmouth changes the designation of funds without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are recorded at cost which approximates fair value and may include U.S. treasury funds, money market accounts, certificates of deposit, commercial paper, foreign currency and certain currency related contracts, and liquid short-term investments with maturities of 90 days or less at the date of acquisition. Cash and cash equivalents held for investment purposes in the Endowment are reported as Investments on the Consolidated Statements of Financial Position.

Tuition and Fees and Student Scholarships

Tuition and fees revenue is recognized in the fiscal year in which substantially all of the academic program services are provided. Tuition and fees revenue from undergraduate enrollment represents approximately 66 percent of tuition and fees revenue for the years ended June 30, 2019 and 2018. Student scholarships provided by Dartmouth reduce the published price of tuition for students receiving these scholarships. In addition, Dartmouth acts as an agent for recipients of scholarships from other sponsors in the amounts of $3,516,000 and $3,821,000 for the years ended June 30, 2019 and 2018, respectively, which are not presented in the Consolidated Statement of Activities.

Dartmouth does not consider the financial need in the admission process for undergraduate applicants who are U.S. citizens or permanent residents but does consider financial need in the admission process for international applicants. All admitted undergraduate students are offered financial aid to fully meet their demonstrated need, which is defined using a uniform formula that determines the ability to pay based on the family's income and assets, along with many other factors. The full amount of demonstrated need is met with a financial aid package that includes a combination of employment eligibility, grants, and in some cases, loans.

Sponsored Research Grants and Contracts

Sponsored research includes revenue from exchange and conditional non-exchange agreements with governments, foundations and private sources for research activities. Revenue from exchange agreements is recognized when performance obligations are met, and revenue from conditional non-exchange agreements is recognized as the related costs are incurred. Non-exchange agreements are considered conditional if the terms of the agreement include both a right of return/release and a barrier. These agreements become unconditional as barriers are met. As June 30, 2019, Dartmouth has unrecorded conditional sponsored research agreements of $57,020,000. Revenue from the reimbursement of facilities and administrative costs incurred by Dartmouth on U.S. government grants and contracts is based upon negotiated rates including predetermined rates through June 30, 2018 and provisional rates effective July 1, 2018 until amended. Dartmouth recovered facilities and administrative costs of approximately $42,361,000 and $44,095,000 during the years ended June 30, 2019 and 2018, respectively.

Revenue from Auxiliaries

Auxiliary services furnish goods or services to students, faculty, staff and incidentally to the general public and charge a fee directly related to the cost of the goods or services such that they are essentially self-supporting activities. Auxiliary revenue includes revenues from student housing and dining facilities, revenues from recreational and hospitality operations, and other miscellaneous activities. Revenue from auxiliary operations is recognized as the goods are provided or services are rendered.

Taxes

Dartmouth is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code), except with regard to unrelated business income, which is taxed at corporate income tax rates. Dartmouth is also subject to state and local property tax on the value of dormitories and dining and kitchen facilities in excess of $150,000, as well as on the value of its off-campus rental properties, commercial properties, and other real estate holdings to the extent they are not used or occupied for Dartmouth's tax exempt purposes. Certain Dartmouth real estate entities are exempt from federal income tax under Sections 501(c)(2) and 501(c)(25) of the Code. As of June 30, 2019, tax years ended June 30, 2016 through June 30, 2018 remain open and are subject to federal and state taxing authority examination. Dartmouth believes it has taken no significant uncertain tax positions.

The Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017. The Act impacts Dartmouth in several ways, including imposing excise taxes on executive compensation in excess of $1,000,000 and net investment income, increases to unrelated business taxable income (UBTI) by the amount of certain fringe benefits for which a deduction is not allowed, changes to the net operating loss rules, repeal of the alternative minimum tax (AMT), and the computation of UBTI separately for each unrelated trade or business. Further, the Act reduces the US federal corporate tax rate and federal corporate unrelated business income tax rate from 35% to 21%. As of June 30, 2019, Dartmouth has accrued an estimated liability for unrelated business income taxes payable of $2,401,000, excise taxes payable of $4,542,000, and a deferred tax liability of $12,253,000.

Affiliation with Dartmouth-Hitchcock Medical Center

Dartmouth, through the Geisel School of Medicine (Geisel), is a member of the Dartmouth-Hitchcock Medical Center (DHMC), a confederation of health care organizations intended to coordinate medical education and health care delivery for the residents of New Hampshire and Vermont. DHMC is a nonprofit, tax-exempt corporation organized under New Hampshire State Law. The other members of DHMC are: (i) Mary Hitchcock Memorial Hospital (MHMH), (ii) Dartmouth-Hitchcock Clinic (Clinic), and (iii) Veterans Administration Medical Center of White River Junction, Vermont (VAMC). The staff of the Clinic serves as the primary resource for Geisel clinical faculty, with the Hitchcock Hospital and the VAMC acting as principal sites of clinical instruction for Geisel students. Each member of DHMC is a separately organized, governed, and operated institution, with Dartmouth having no ownership interest in any other member.

Certain costs, including salaries, facilities use (including construction planning and management, and facilities operation and maintenance), and direct and indirect research, incurred by Geisel and the other members of DHMC are shared among the members based on negotiated allocations of the costs on an annual or project specific basis. Dartmouth, MHMH and the Clinic, are also parties to a Condominium Ownership Agreement that governs the ownership and operation of their shared facilities. During the years ended June 30, 2019 and 2018, Dartmouth paid approximately $15,900,000 and $19,500,000, respectively, and received approximately $13,000,000 and $11,400,000, respectively, in connection with these arrangements.

Insurance

Dartmouth maintains several insurance arrangements with the objective of providing the most cost effective and comprehensive coverage for most insurable risks. Both conventional and alternative insurance coverage approaches, including utilization of appropriate deductible or self-insured retention amounts, are in place to cover trustee errors and omissions and employment practices, crime bond, commercial general and automobile liability, pension trust fiduciary errors and omissions liability, and property losses. Workers' compensation losses are covered by a self-insured retention and excess insurance program. Dartmouth currently participates in two risk retention groups that provide general liability and professional and medical malpractice liability insurance.

Dartmouth's annual premium payments for conventional insurance coverage are included in operating expenses. Estimated liabilities for losses under Dartmouth's deductible and/or self-insurance retention limits are reflected in the Consolidated Statements of Financial Position, which includes estimates for known losses and for losses incurred but not yet reported. Insurance reserves are based on actuarial analysis and/or estimates of historical loss experience, and while management believes that the reserves are adequate, the ultimate liabilities may be different than the amounts provided.

Gifts and Pledges Receivable

Total contributions to Dartmouth include gifts that are received and the net change in pledges receivable during a period. Gifts and pledges are recognized as increases in the appropriate category of net assets in the period the gift or pledge is received. The net change in total pledges is recorded as a net increase (decrease) in non-operating activities in the Consolidated Statement of Activities. Contributions of capitalizable assets other than cash are recorded at their estimated fair value at the date of gift. Pledges are stated at the estimated present value of future cash flows, net of an allowance for uncollectible amounts. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Investments

Investments are reported at fair value in accordance with U.S. GAAP. Purchases and sales of securities are recorded on the trade date, and realized gains and losses are determined on the basis of the average cost of securities sold. Advance contributions to commingled fund investments and redemptions receivable from commingled fund investments at June 30, 2019 and June 30, 2018 are included within Investments as presented on the Consolidated Statements of Financial Position.

For investments held directly by Dartmouth for which an active market with quoted prices exists, the market price of an identical security is used as fair value. Fair values for shares in listed commingled funds are based on the quoted market value or share prices reported as of the last business day of the fiscal year. Dartmouth's interest in certain other private commingled funds and private partnership interests are reported at the net asset value (NAV) as determined by the external fund manager. As permitted by GAAP, Dartmouth uses NAV as a practical expedient to estimate the fair value of Dartmouth's ownership interest, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Dartmouth performs due diligence procedures related to these investments to support recognition at fair value at fiscal year-end. Because many of these investments are not readily marketable, the estimates of fair value involve assumptions and estimation methods which are uncertain, and therefore the estimates could differ from actual results.

Directly held real estate is reflected at fair value in accordance with Dartmouth's valuation policy. Management estimates fair value for these properties using primarily inputs from independent third-party appraisals, which are updated annually, but may consider other metrics including discounted cash flow analysis or recent tax assessments, or at cost which approximates fair value for properties held for less than one year or which are being actively developed.

Total investment return (interest, dividends, rents, royalties, and net realized and changes in unrealized gains and losses) earned by Dartmouth's endowment investments is included in endowment activities on the Consolidated Statement of Activities, while the net investment return earned by the non-endowment investments is included in operating or non-operating activities, as appropriate, on the Consolidated Statement of Activities. Dividend income is recognized, net of applicable withholding taxes, on the ex-dividend date. Non-cash dividends are recorded at the fair value of the securities received on the date of distribution. Interest income and expenses are recorded net of applicable withholding taxes on the accrual basis of accounting. Dartmouth amortizes bond premiums and accretes bond discounts using the effective yield method. Fees charged by external investment managers are generally based on contractual percentages of the fair value of assets under management or on annual total investment return and are netted against investment return.

The asset allocation of Dartmouth's investment portfolio involves exposure to a diverse set of markets. The investments within these markets involve various risks such as price, interest rate, sovereign, currency, liquidity, and credit risks. Additionally, investments in real assets through commingled funds and direct real estate expose Dartmouth to a unique set of risks such as operational, environmental, and political risks. Dartmouth anticipates that the value and composition of its investments may, from time to time, fluctuate substantially in response to any or all of the risks described herein.

Endowment

Dartmouth's endowment consists of gifts with donor restrictions and net assets without donor restrictions designated by management and the Board of Trustees for long-term support of Dartmouth's activities, and the accumulated investment return on these gifts and designated net assets. Accumulated investment return consists of endowment net investment return that has not been appropriated by the Board of Trustees for expenditure to support Dartmouth's operating and non-operating activities. Generally, only a portion of accumulated net investment return is made available for spending each year in accordance with the Board of Trustees-approved endowment utilization policy and New Hampshire State Law. However, certain endowment funds with donor restrictions do allow for the expenditure of principal, and Dartmouth-designated endowment funds are net assets without donor restrictions that may be re-designated for authorized expenditures.

Giving consideration to the New Hampshire Uniform Prudent Management of Institutional Funds Act (UPMIFA), Dartmouth classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes (a) the original value of contributions donated to the endowment, (b) the original value of subsequent contributions, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift. With respect to underwater endowments the spending occurs only to the extent the fair value of the endowment funds is 80% of historical book value.

Endowment net assets without donor restrictions include Dartmouth funds and certain gifts from donors, and any accumulated investment return thereon, which may be expended; however, by trustee or management designation, these net assets may remain invested in the endowment for the long-term support of Dartmouth activities. Investment return on endowment net assets without donor restrictions and the annual distribution of a portion of accumulated investment return to operating and non-operating activities are presented as changes in net assets without donor restrictions in the Consolidated Statement of Activities.

Investment return on net assets with donor restrictions is presented as change in net assets with donor restrictions in the Consolidated Statement of Activities.

Split-Interest Agreements

Certain donors have established irrevocable split-interest agreements with Dartmouth, primarily charitable gift annuities, pooled life income funds, and irrevocable charitable remainder trusts, whereby the donated assets are invested and distributions are made to the donor and/or other beneficiaries in accordance with the agreement for a specified period of time, after which time the remaining assets and future investment return are retained by Dartmouth. At the discretion of the donor, Dartmouth may or may not serve as trustee for the split-interest agreement.

Dartmouth has recorded the estimated fair value of the investments associated with irrevocable split-interest agreements and an estimated liability, using a discount rate of 2.8% and 3.4% for June 30, 2019 and 2018, respectively, for the net present value of the future cash outflows to beneficiaries of the agreements for which Dartmouth serves as trustee. When Dartmouth is not the trustee of the assets associated with a split-interest agreement, a receivable for Dartmouth's beneficial interest is established when Dartmouth is notified of the trust's existence and when the third-party trustee has provided Dartmouth with sufficient reliable information to estimate the value of the receivable, which Dartmouth considers a Level 3 measurement. Dartmouth requests information regularly from third-party trustees for financial reporting purposes; however, these trustees are not obligated to provide Dartmouth with the information necessary to estimate fair value and record the asset. Dartmouth respects the privacy of donors and trustees in these limited instances. Dartmouth reports the net change in split-interest agreements as a non-operating change in net assets in the Consolidated Statement of Activities.

Land, Buildings, Equipment, and Construction in Progress

Land, buildings, equipment, and construction in progress are recorded at cost at the date of acquisition or, if acquired by gift, at the estimated fair value as of the date of the gift. Purchases, construction, and renovations of assets which exceed Dartmouth's specified dollar threshold and have a useful life greater than one year are capitalized, while scheduled maintenance and minor renovations of less than that amount are charged to operations.

Land, buildings, and equipment are reflected net of accumulated depreciation calculated on a straight-line basis over the following estimated economic lives.

Buildings and building components	13 – 50 years
Depreciable land improvements	15 – 20 years
Equipment	5 – 20 years

Depreciation expense for facilities that are primarily used for sponsored research is based on the estimated economic lives of each component.

Collections

Dartmouth's collections include works of art, literary works, historical treasures, and artifacts that are maintained in its museum and libraries. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sale to be used to acquire other items for collections.

The collections, which were acquired through purchases and contributions since Dartmouth's inception, are not recognized as assets in the Consolidated Statements of Financial Position. Purchases of collection items are recorded in the Consolidated Statement of Activities as non-operating decreases in net assets without donor restrictions in the year in which the items are acquired or in net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collection items are not recorded in the consolidated financial statements.

B. Receivables and Other Assets

Receivables and other assets consisted of the following at June 30 (in thousands):

	2019	2018
Student accounts	$ 1,127	$ 1,052
Sponsored research grants and contracts	17,258	18,570
Other accounts	55,544	44,637
Notes and student loans	55,137	56,811
Less: allowance for uncollectible accounts	(2,517)	(2,537)
Receivables, net	$ 126,549	$ 118,533
Prepaid costs, inventories, and other assets	16,039	14,483
Total receivables and other assets, net	$ 142,588	$ 133,016

Federally sponsored student loans with mandated interest rates and repayment terms are subject to significant restrictions as to their transfer and disposition. Amounts received from the Federal government to fund a portion of the Perkins student loans are ultimately refundable to the Federal government and are classified as government advances for student loans in the Consolidated Statements of Financial Position. The Perkins Loan Extension Act of 2015 ("the Act") ended the authority of participating institutions to make new Perkins Loans to students on September 30, 2017. The Act also requires each participating institution to refund to the federal government an amount calculated annually based on remaining outstanding loans and other factors. Dartmouth refunded $2,981,000 of the government advance during fiscal year 2018. Due to the nature and terms of student loans funded by the Federal government and Dartmouth funds, it is not practical to estimate the fair value of such loans. All other receivables are carried at estimated net realizable value.

C. Gifts and Pledges Receivable

Gifts and pledges received during the years ended June 30 were as follows (in thousands):

	2019	2018
Gifts to support operations	$ 94,585	$ 90,793
Gifts for:		
Facilities and student loans	37,206	23,795
Other restricted uses	34,861	19,556
Endowment	82,298	102,049
Split-interest agreements	19,173	26,203
Total gifts and pledges	$ 268,123	$ 262,396

Unconditional pledges as of June 30 are expected to be realized in the following periods, discounted at rates ranging from 0.7% to 6.2% (in thousands):

	2019	2018
In one year or less	$ 117,349	$ 113,061
Between one year and five years	282,469	201,588
Six years and after	55,670	57,891
Gross pledges receivable	$ 455,488	$ 372,540
Less: present value discount	(22,409)	(16,582)
Less: allowance for uncollectible pledges	(18,818)	(3,879)
Pledges receivable, net	$ 414,261	$ 352,079

At June 30, 2019 and 2018, Dartmouth had outstanding unrecorded conditional promises to give, including non-legally binding bequests, of $301,245,000 and $169,258,000, respectively. When conditional promises to give become unconditional or cash payments on non-legally binding bequests are received, they are recorded and may be restricted by the donor for operations, endowment or capital projects.

D. Investments

Dartmouth's endowment and other investment portfolios include investments in various asset classes, each with different return expectations, risk characteristics, and liquidity provisions.

Cash and cash equivalents designated for investment purposes in the Endowment are included in Investments at fair value on the Consolidated Statements of Financial Position and may include money market funds, foreign currency, certain foreign currency contracts, foreign government bonds and U.S. treasury securities with an original or remaining maturity of three months or less when purchased. These investments are valued based on market price or cost, which approximates fair value.

Fixed income includes strategies based on capital preservation and yield as well as more opportunistic strategies focused on generating return through price appreciation. These strategies generally include corporate debt securities, government securities, mortgage backed and asset backed securities and other financial instruments. Exposures to these investments may include directly held securities as well as investments through commingled funds.

Global equity investments include directly held public equity securities and commingled funds, whose managers primarily invest in global public long-only and long/short equity securities with portfolios that are directionally exposed to the market.

Hedge funds include investments in commingled funds with discrete and blended strategies, including long/short equity, absolute return, market neutral, distressed and credit strategies. Hedge funds generally hold long and short securities or other financial instruments for which a ready market exists, and may include stocks, bonds, put or call options, swaps, futures, currency hedges, and other financial instruments.

Dartmouth also invests in venture capital, private equity, real estate, other real assets, and other debt-related strategies primarily through private limited partnerships, which are illiquid. These investments often require the estimation of fair value by the general partner in the absence of readily determinable market values. The private portfolio is based primarily in the United States but includes managers who may invest globally. Real estate investments also include real estate investment trust securities held directly or through publicly traded mutual funds as well as direct real estate. Other real asset investments may include limited partnerships, commingled funds and/or public index exposure targeting natural resource investments.

Investments at fair value consisted of the following at June 30 (in thousands):

	2019	2018
Endowment investments	$ 5,771,842	$ 5,538,502
Split-interest agreement investments	152,837	149,494
Operating and other investments	838,069	888,460
Total investments	$ 6,762,748	$ 6,576,456

The framework for measuring fair value utilizes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

> Level 1 - Quoted prices (unadjusted) in active markets for identical investments as of the reporting date. The type of investments in Level 1 includes cash and cash equivalents, actively listed and traded equities, U.S. treasury securities, and exchange traded and registered funds all held directly by Dartmouth, and excludes listed equities and other securities held indirectly through commingled funds.
>
> Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange 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. The type of investments in Level 2 includes fixed income securities and derivatives.
>
> Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The type of investments in Level 3 includes directly held real estate and other illiquid investments.

The inputs or methodology used to value or classify investments for financial reporting purposes is not necessarily an indication of the risk associated with investing in those investments.

The following Fair Value Leveling table summarizes Dartmouth's investments that are reported at fair value by their fair value hierarchy classification as of June 30, 2019 (in thousands):

	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	$ 246,638	$ -	$ -	$ 246,638
Fixed income	352,805	214,951	29	567,785
Global equity:				
US equity	212,182	-	73	212,255
International	94,795	-	-	94,795
Emerging markets	4,872	-	-	4,872
Private equity/Venture capital	-	-	19,380	19,380
Real assets:				
Real estate	16,355	-	187,652	204,007
Other real assets	40,637	-	-	40,637
Other investments	-	95	953	1,048
Derivative assets (liabilities)	(1,170)	(2,156)	-	(3,326)
Subtotal	$ 967,114	$ 212,890	$ 208,087	$ 1,388,091
Contributions in advance				50,000
Investment receivables				44,915
Investment payables				(107,129)
Investments at NAV				5,386,871
Total Investments	$ 967,114	$ 212,890	$ 208,087	$ 6,762,748

The following Fair Value Leveling table summarizes Dartmouth's investments that are reported at fair value by their fair value hierarchy classification as of June 30, 2018 (in thousands):

	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	$ 105,649	$ -	$ -	$ 105,649
Fixed income	413,965	163,600	27	577,592
Global equity:				
US equity	237,993	-	23	238,016
International	111,829	-	-	111,829
Emerging markets	50,360	-	-	50,360
Private equity/Venture capital	-	-	25	25
Real assets:				
Real estate	15,863	-	195,049	210,912
Other real assets	77,151	-	-	77,151
Other investments	-	90	1,137	1,227
Derivative assets (liabilities)	(329)	1,526	-	1,197
Subtotal	$ 1,012,481	$ 165,216	$ 196,261	$ 1,373,958
Contributions in advance				79,000
Investment receivables				37,833
Investment payables				(53,188)
Investments at NAV				5,138,853
Total Investments	$ 1,012,481	$ 165,216	$ 196,261	$ 6,576,456

The following Fair Value NAV table lists specified investment terms by asset category for Dartmouth's interest in certain commingled funds and private partnership interests that are reported using NAV as the practical expedient to estimate fair value as of June 30, 2019 (in thousands):

	Fair Value	Redemption Terms	Days Notice	Remaining Unfunded Commitment
Fixed income	$ 74,580	Monthly	30 – 40	$ -
Global equity:				
US equity[1]	1,004,952	Ranges from quarterly to bi-annual	60 – 90	53,943
International[2]	447,388	Ranges from semi-monthly to annually	3 – 180	45,000
Emerging markets[3]	409,885	Ranges from quarterly to annually	45 – 180	-
Hedge funds[4]	1,395,516	Ranges from monthly to annually; illiquid	30 – 90	40,748
Private equity / Venture capital	1,473,522	Illiquid	Not applicable	836,062
Real assets:				
Real estate	248,906	Illiquid	Not applicable	315,191
Other real assets	332,122	Illiquid	Not applicable	189,509
Total	$ 5,386,871			$ 1,480,453

[1] US equity includes funds that have restrictions on the ability to fully redeem up to five years.
[2] International includes funds that have restrictions on the ability to fully redeem up to three years.
[3] Emerging markets includes funds that have restrictions on the ability to fully redeem up to three years excluding illiquid securities.
[4] Hedge funds includes funds that have restrictions on the ability to fully redeem up to four years, excluding illiquid securities and special investments.

The following Fair Value NAV table lists specified investment terms by asset category for Dartmouth's interest in certain commingled funds and private partnership interests that are reported using NAV as the practical expedient to estimate fair value as of June 30, 2018 (in thousands):

	Fair Value	Redemption Terms	Days Notice	Remaining Unfunded Commitment
Fixed income	$ 62,215	Monthly	30 – 40	$ -
Global equity:				
US equity[1]	1,070,290	Ranges from quarterly to bi-annual	30 – 90	46,700
International[2]	683,833	Ranges from semi-monthly to quarterly	3 – 180	-
Emerging markets[3]	340,270	Ranges from quarterly to annually	45 – 180	5,000
Hedge funds[4]	1,297,214	Ranges from monthly to annually; illiquid	30 – 90	90,003
Private equity / Venture capital	1,145,896	Illiquid	Not applicable	713,707
Real assets:				
Real estate	205,483	Illiquid	Not applicable	259,632
Other real assets	333,652	Illiquid	Not applicable	233,766
Total	$ 5,138,853			$ 1,348,808

[1] US equity includes funds that have restrictions on the ability to fully redeem up to five years.
[2] International includes funds that have restrictions on the ability to fully redeem up to three years.
[3] Emerging markets includes funds that have restrictions on the ability to fully redeem up to five years.
[4] Hedge funds includes funds that have restrictions on the ability to fully redeem up to six years, excluding illiquid securities and special investments.

The following tables present Dartmouth's activity for the fiscal years ended June 30, 2019 and 2018 for investments measured at fair value in Level 3 (in thousands):

	Fixed Income	US Equity	Real Assets	Private Equity/Venture Capital	Other Investments	Total
Balance as of June 30, 2018	$ 27	$ 23	$ 195,049	$ 25	$ 1,137	$ 196,261
Acquisitions / purchases	-	25	1,997	9,000	4	11,026
Distributions / sales	-	-	(1,986)	-	(188)	(2,174)
Transfers in	-	25	-	7,000	-	7,025
Transfers out	-	-	-	(25)	-	(25)
Realized gain/(loss)	-	-	656	-	-	656
Change in unrealized gain	2	-	(8,064)	3,380	-	(4,682)
Balance as of June 30, 2019	$ 29	$ 73	$ 187,652	$ 19,380	$ 953	$ 208,087

	Fixed Income	US Equity	Real Assets	Private Equity/Venture Capital	Other Investments	Total
Balance as of June 30, 2017	$ 1	$ 23	$ 189,934	$ -	$ 2,151	$ 192,109
Acquisitions / purchases	-	-	3,067	25	4	3,096
Distributions / sales	-	-	(3,660)	-	(849)	(4,509)
Transfers in	25	-	-	-	-	25
Realized gain/(loss)	-	-	303	-	(170)	133
Change in unrealized gain	1	-	5,405	-	1	5,407
Balance as of June 30, 2018	$ 27	$ 23	$ 195,049	$ 25	$ 1,137	$ 196,261

Cumulative unrealized gains related to Level 3 investments totaled $23,991,000 and $29,050,000 as of June 30, 2019 and 2018, respectively. The net change in unrealized gains/(losses) related to Level 3 investments held at June 30, 2019, and June 30, 2018 was ($4,682,000) and $5,407,000, respectively. For fiscal years 2019 and 2018, transfers into Level 3, are primarily due to the decreased observability of pricing inputs for certain securities.

The following tables summarize quantitative inputs and assumptions used for Level 3 investments at June 30, 2019 and 2018 for which fair value is based on unobservable inputs that are not developed by external investment managers. Significant increases or decreases in these unobservable inputs may result in significant higher or lower valuation results, however actual results could differ materially from these estimates particularly during periods of investment and/or interest rate volatility.

June 30, 2019 (in thousands):

Asset Class	Fair Value	Valuation Technique	Unobservable Inputs	Input Value(s)	Weighted Average
Real Estate	$ 165,425	Third party appraisal-income capitalization approach	Capitalization rate	5.25 – 9.42%	6.79%
	16,344	Third party appraisal-comparable sales	Market value per square foot		
	4,058	Third party appraisal-Adjusted cost	Discount rate	25.00%	25.00%
	1,106	Tax assessed value – adjusted annually	State / Local equalization ratios	0.976	0.976
Private Equity	14,380	Market comparables	EBITDA multiple	11.4x – 16.0x	14.3x
Total	$ 201,313				

June 30, 2018 (in thousands):

Asset Class	Fair Value[1]	Valuation Technique	Unobservable Inputs	Input Value(s)	Weighted Average
Real Estate	$ 172,085	Third party appraisal-income capitalization approach	Capitalization rate	5.00 – 7.00%	5.93%
	16,406	Third party appraisal-comparable sales	Market value per square foot		
	2,927	Adjusted cost	Discount Rate	25.00%	25.00%
	2,909	Tax assessed value – adjusted annually	State / Local equalization ratios	0.810	0.810
Total	$ 194,327				

[1]The fair value may be determined using multiple valuation techniques.

For June 30, 2019 and 2018 certain level 3 investments are valued at cost totaling $6,774,000 and $1,934,000 respectively and are excluded from the above tables.

The following tables set forth the fair value of Dartmouth's derivative instruments for investment purposes by contract type as of June 30, 2019 and 2018 and gains/(losses) related to derivative activities for the years ended June 30, 2019 and 2018 (in thousands):

June 30, 2019:

	Notional Exposure		Fair Value[1]		
	Long	Short	Asset	Liability	Net Gain/(Loss)[2]
Foreign currency forward contracts	$ 150,622	$ (58,986)	$ 239	$ (2,203)	$ 1,459
Fixed income futures contracts	86,674	(55,854)	462	(1,507)	(3,399)
Interest rate swaps[3]	4,984	-	61	(163)	(344)
Credit default swaps	1,201	(12,586)	90	(306)	(134)
Other	2,200	-	1	-	5,216
Total	$ 245,681	$ (127,426)	$ 853	$ (4,179)	$ 2,798

June 30, 2018:

	Notional Exposure		Fair Value[1]		
	Long	Short	Asset	Liability	Net Gain/(Loss)[2]
Foreign currency forward contracts	$ 141,296	$ (13,975)	$ (167)	$ 1,284	$ (281)
Fixed income futures contracts	59,548	(63,631)	337	(666)	778
Interest rate swaps[3]	29,854	-	280	(3)	151
Credit default swaps	1,565	(3,751)	89	(130)	1
Other	-	-	196	-	(5)
Total	$ 232,263	$ (81,357)	$ 735	$ 485	$ 644

[1] The net fair value of these derivative instruments is included in the Consolidated Statements of Financial Position as investments at fair value and cash and cash equivalents.
[2] The net gain/(loss) from these derivative instruments is presented in the endowment, operating, and non-operating sections of the Consolidated Statement of Activities as other operating income and other non-operating changes.
[3] The notional amount of these contracts represents a structure which pay based on a fixed rate and receive based on a variable rate.

Dartmouth enters into certain foreign currency forward contracts and government bond futures and forwards to efficiently manage portfolio exposures to global currencies and interest rates. These instruments may be used to hedge the portfolio from unwanted currency and interest rate risk, but also to efficiently implement active duration and relative value currency strategies. In certain circumstances Dartmouth is obligated to pledge to the appropriate broker cash or securities to be held as collateral, as determined by exchange margin requirements for futures contracts held. At June 30, 2019 and 2018, Dartmouth had pledged collateral on futures contracts for investment purposes of $4,680,000 and $0, respectively.

Dartmouth enters into swap contracts for investment purposes. Interest rate swap contracts are used to efficiently manage portfolio exposures to interest rates. These instruments may be used to hedge the portfolio from unwanted interest rate risk, but also to efficiently implement active duration strategies. These instruments are valued using market-based prices and are included in Level 2 in the Fair Value Leveling table. The fair value of the contracts is included in the Consolidated Statements of Financial Position as investments at fair value. The gain/(loss) on these contracts is presented in the operating and non-operating sections of the Consolidated Statement of Activities.

Credit default swaps are used to simulate long or short positions or to reduce credit risk where exposure exists. The buyer of a credit default swap is obligated to pay to the seller a periodic stream of payments over the term of the contract in return for a contingent payment upon occurrence of a contracted credit event. The seller of a credit default swap bears the obligation to pay the buyer upon occurrence of a contracted credit event in return for a periodic stream of fixed payments from the buyer over the term of the contract. These instruments are valued using market-based prices and are included in Level 2 in the Fair Value Leveling table. The fair value of these credit default swap contracts is included in the Consolidated Statements of Financial Position as investments at fair value. The net gain/(loss) on these credit default swap contracts is presented in the operating and non-operating sections of the Consolidated Statement of Activities.

E. Endowment

The changes in fair value of net assets held in endowment and similar funds for the years ended June 30 were as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2018	$ 1,249,243	$ 4,244,961	$ 5,494,204
Investment return, net	87,663	299,186	386,849
Gifts	57	82,241	82,298
Distribution of endowment return	(56,926)	(195,758)	(252,684)
Transfers and other changes, net	21,037	(382)	20,655
Endowment net assets, June 30, 2019	$ 1,301,074	$ 4,430,248	$ 5,731,322

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2017	$ 1,100,449	$ 3,856,045	$ 4,956,494
Investment return, net	136,073	455,677	591,750
Gifts	129	101,920	102,049
Distribution of endowment return	(53,291)	(183,243)	(236,534)
Transfers and other changes, net	65,883	14,562	80,445
Endowment net assets, June 30, 2018	$ 1,249,243	$ 4,244,961	$ 5,494,204

Transfers and other changes, net include additions to the endowment from matured split-interest agreements, net transfers resulting from changes in donor restrictions or Dartmouth designations, and other internal charges including certain fundraising costs and excise tax. During fiscal years 2019 and 2018, Dartmouth transferred approximately $20,000,000 and $60,000,000, respectively from non-endowment net assets without donor restrictions to create a quasi-endowment fund.

Endowment net assets consist of the following as of June 30, 2019 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	$ 1,301,074	$ -	$ 1,301,074
Donor-restricted funds			
Accumulated investment gains	-	2,638,439	2,638,439
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,791,809	1,791,809
Total endowment net assets	$ 1,301,074	$ 4,430,248	$ 5,731,322

Endowment net assets consist of the following as of June 30, 2018 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	$ 1,249,243	$ -	$ 1,249,243
Donor-restricted funds			
Accumulated investment gains	-	2,546,472	2,546,472
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,698,489	1,698,489
Total endowment net assets	$ 1,249,243	$ 4,244,961	$ 5,494,204

The classification of endowment net assets by purpose as of June 30, 2019 is as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Teaching and Research	$ 433,864	$ 1,856,465	$ 2,290,329
Financial Aid	54,123	1,284,899	1,339,022
Academic and Student Support	107,381	451,442	558,823
Operations and Facilities	705,706	837,442	1,543,148
Endowment net assets, June 30, 2019	$ 1,301,074	$ 4,430,248	$ 5,731,322

The classification of endowment net assets by purpose as of June 30, 2018 is as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Teaching and Research	$ 424,982	$ 1,795,867	$ 2,220,849
Financial Aid	52,996	1,215,325	1,268,321
Academic and Student Support	104,837	415,474	520,311
Operations and Facilities	666,428	818,295	1,484,723
Endowment net assets, June 30, 2018	$ 1,249,243	$ 4,244,961	$ 5,494,204

From time to time, the fair values of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires to retain as a fund of perpetual duration due to market declines. Deficiencies of this nature are reported as reductions in net assets with donor restrictions. As of June 30, 2019, and 2018, there were no endowment funds with a market value less than this required level.

Dartmouth employs a total return endowment utilization policy that establishes the amount of investment return made available for spending each fiscal year. The amount appropriated for expenditure each year is independent of the actual return for the year. The Board approves the formula that determines the amount appropriated from endowment each year. The resulting fiscal year 2019 endowment distribution of $252,684,000 represents a 4.6% distribution rate when measured against the previous year's June 30th endowment value. Investment return earned in excess of the amount appropriated annually is reinvested in the funds but can be appropriated in future years in accordance with the utilization policy. The net appreciation on donor restricted endowment funds is reported net assets with donor restrictions until such time as all or a portion of the appreciation is appropriated for spending in accordance with the utilization policy and applicable state law.

The overall investment performance objective for the endowment is to generate real (inflation-adjusted) returns net of investment expenses sufficient to support Dartmouth's current operating needs while maintaining the long-term purchasing power of the endowment. The Investment Committee of the Board of Trustees has determined that a well-diversified mix of assets offers the best opportunity for maximum return with acceptable risk over time. Dartmouth relies on a total return strategy in which investment returns are achieved through both capital appreciation (both realized and unrealized) and current yield (interest and dividends). Investment decisions are made with a view toward maximizing long-term return opportunities while maintaining an acceptable level of investment risk and liquidity.

F. Land, Buildings, Equipment, and Construction in Progress

Land, buildings, equipment, and construction in progress balances at June 30 were as follows (in thousands):

		2019		2018
Land	$	20,481	$	20,481
Buildings		1,405,353		1,350,716
Land improvements		121,922		121,706
Equipment and software		377,281		366,166
Land, buildings, and equipment	$	1,925,037	$	1,859,069
Less: accumulated depreciation		(1,023,851)		(962,891)
Construction in progress		92,345		71,508
Total net book value	$	993,531	$	967,686

Dartmouth has conditional asset retirement obligations arising from legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets, including asbestos abatement, leasehold improvements, hazardous materials, and equipment disposal and cleanup. The liability was initially recorded at fair value, and is adjusted for accretion expense, and changes in the amount or timing of cash flows. The corresponding asset retirement costs are capitalized as part of the carrying values of the related long-lived assets and depreciated over the useful lives of the assets.

G. Liquidity and Availability of Resources

As of June 30, 2019, Dartmouth's financial assets and liquidity resources available within one year for general expenditure, including operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows (in thousands):

		2019
Financial assets:		
Cash and liquid operating investments	$	793,568
Notes and accounts receivable, net		54,125
Contributions receivable		99,424
Taxable debt (unexpended)		299,563
Approved endowment payout for following year		270,991
Total financial assets available within one year	$	1,517,671
Liquidity resources:		
Taxable commercial paper (unexpended)		45,000
Bank lines of credit		250,000
Total financial assets and liquidity resources available within one year	$	1,812,671

As part of Dartmouth's liquidity management strategy financial assets are structured to be available as general expenditures, liabilities and other obligations come due. In addition, Dartmouth invests cash in excess of daily requirements in short-term investments. To manage liquidity, Dartmouth maintains three lines of credit and a taxable commercial paper program that are drawn upon as needed during the year to manage cash flows. The maturity dates on the lines of credit are June 30, 2020, December 31, 2020, and June 30, 2021. There was no outstanding borrowing on the lines of credit as of June 30, 2019 or 2018.

Additionally, Dartmouth has board-designated endowment funds of $1,301,074,000. Although Dartmouth does not intend to spend from its board-designated endowment funds other than amounts appropriated for expenditure as part of its annual budget approval process, amounts from its board-designated endowment could be made available if necessary. However, both the board-designated and donor-restricted endowments contain investments with lock-up provisions that reduce the total investments that could be made available.

H. Bonds, Mortgages, and Notes Payable

Indebtedness at June 30 consisted of the following (in thousands):

	Fiscal Year Maturity	2019 Interest Rate	2019	2018
New Hampshire Health and Education Facilities Authority (NHHEFA):				
Tax-Exempt Fixed Rate:				
Series 2009	2019	5.00%	$ -	$ 7,920
Series 2017	2028	5.00%	37,660	37,660
			$ 37,660	$ 45,580
Tax-Exempt Variable Rate:				
Series 2003	2023	.95% - 2.10%	37,000	45,500
Series 2007B	2041	.46% - 2.29%	75,000	75,000
Series 2015AB	2040	2.20% - 2.55%	101,000	101,000
Series 2015CD	2038	2.20% - 2.55%	89,665	89,665
Series 2016A	2043	1.14% - 2.37%	165,000	165,000
Subtotal tax-exempt bonds			$ 467,665	$ 476,165
Taxable Bonds:				
Fixed Rate				
Series 2012A	2042	4.00%	70,000	70,000
Series 2012B	2043	3.76%	150,000	150,000
Series 2016A	2046	3.47%	250,000	250,000
Subtotal taxable bonds			$ 470,000	$ 470,000
Subtotal bonds			$ 975,325	$ 991,745
Mortgages on real estate investments:				
Fixed Rate	2024 – 2037	4.34% - 5.61%	22,997	24,732
Taxable commercial paper note:				
Variable Rate		2.05% - 2.65%	30,000	30,000
Subtotal bonds, mortgages and notes payable			$ 1,028,322	$ 1,046,477
Original issue premium, net			8,111	9,167
Unamortized debt issuance costs			(2,689)	(2,862)
Total bonds, mortgages, and notes payable, net			$ 1,033,744	$ 1,052,782

In fiscal year 2018, Dartmouth issued New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue Bonds Dartmouth College Issue, Series 2017 (the "Series 2017 Bonds") in the amount of $37,660,000 with an original issue premium of $9,631,000 which will be amortized over the life of the bond. The primary purpose of this issue was to advance refund $44,880,000 of the NHHEFA Series 2009 Bonds. The loss of $2,060,000 on this advance refunding is included in Other non-operating changes, net in the Consolidated Statement of Activities.

In fiscal year 2018, Dartmouth redeemed $150,000,000 of the Series 2009 taxable bonds. Dartmouth incurred a $6,304,000 make-whole call premium on the early redemption, which is included in Other non-operating changes, net in the Consolidated Statement of Activities.

Interest expense for the years ended June 30 consists of (in thousands):

	2019	2018
Consolidated Statement of Activities:		
Endowment Activities		
Interest expense on mortgage and debt used to finance endowment-related real estate projects, presented as a reduction in net investment return	$ 2,303	$ 2,232
Operating Activities (amounts included in Interest on the Consolidated Statement of Operating Expenses)		
Interest expense of debt (including payments on interest rate swap agreements) used to finance facilities projects	24,751	26,386
Interest expense on other operating indebtedness	802	496
Non-Operating Activities (amounts included in Non-operating expenses)		
Interest expense on debt used to finance student loans	1,406	1,406
Interest expense on other non-operating indebtedness	11,160	14,106
Total interest expense on the Consolidated Statement of Activities	$ 40,422	$ 44,626
Consolidated Statements of Financial Position:		
Interest paid on debt used to finance facilities projects capitalized in connection with various construction projects	$ 286	$ 107

Scheduled principal payments due for each of the next five years ending June 30 and thereafter are as follows, excluding maturity of commercial paper and unamortized discounts and premiums are (in thousands):

June 30	Principal Due
2020	10,615
2021	11,005
2022	11,412
2023	11,629
2024	1,036
Thereafter	952,625
Total	$ 998,322

Principal due after June 30, 2024, includes the following “balloon” payments due on Dartmouth’s indebtedness (in thousands):

June 30	Indebtedness	Payment
2028	NHHEFA 2017	$ 37,660
2036	NHHEFA Series 2007B bonds	18,000
2038	2015 Series C&D bonds	89,665
2040	2015 Series A&B bonds	101,000
2041	NHHEFA Series 2007B bonds	57,000
2042	2012 Series A bonds	70,000
2043	2012 Series B bonds	150,000
2043	NHHEFA Series 2016A bonds	165,000
2046	2016 Series A bonds	250,000

The NHHEFA bonds are a general obligation collateralized only by Dartmouth's pledge of full faith and credit and by funds held from time to time by the trustee for the benefit of the holders of the bonds under the respective bond resolutions. Dartmouth has agreed to certain covenants with respect to encumbrance or disposition of its core campus.

Dartmouth is party to six interest rate swap agreements. Information related to these interest rate swap agreements as of June 30, 2019, including the fixed interest rate paid by Dartmouth and percent of LIBOR BBA (1 month) received on the notional principal, is presented in the table below:

Expiration Date	Notional Amount (in thousands)	Fixed Interest Rate %	% of LIBOR BBA
06/01/2027	$ 31,870	3.77	72
06/01/2028	52,465	3.78	72
06/01/2032	100,000	3.75	67
06/01/2041	100,000	3.73	70
06/01/2042	100,000	3.73	70
06/01/2043	165,000	3.74	70

The fair value of these agreements at June 30, 2019 and 2018 based on various factors contained in the interest rate swap agreements and certain interest rate assumptions, was approximately $185,098,000 and $135,102,000, respectively, and is considered a Level 2 measurement. The increase in the liability of $49,996,000 for the year ended June 30, 2019 is presented as a change in unrealized loss and the decrease in the liability of $40,544,000 for the year ended June 30, 2018 is presented as a change in unrealized gain in the non-operating section of the Consolidated Statement of Activities. Net payments or receipts under the swap agreements associated with facilities debt are reflected as interest expense. These financial instruments involve counter-party credit exposure.

Commercial paper consists of notes issued in the short-term taxable market, and is sold at a discount from par. The maturities of individual notes are issued in ranges from one day to no more than 270 days and fall on average in a range of thirty to ninety days. Dartmouth reports commercial paper at carrying value, which closely approximates fair value for those liabilities.

Dartmouth maintains stand-by bond purchase agreements with financial institutions totaling approximately $112,000,000 to provide alternative liquidity to support its variable rate demand bonds in the event that the bonds cannot be remarketed. Financing obtained through these stand-by credit agreements to fund the repurchase of such bonds would bear interest rates different from those associated with the original bond issues and mature over a three or a five-year period following repurchase. The agreements have various maturity dates between June 2021 and December 2021. There were no amounts outstanding at June 30, 2019 and 2018 under these agreements.

Dartmouth has three lines of credit totaling $250,000,000. The maturity dates are June 30, 2020, December 31, 2020, and June 30, 2021. There was no outstanding borrowing on any of the lines of credit as of June 30, 2019 or 2018.

I. Pension and Other Employment Related Obligations

Liabilities for retirement and postretirement medical benefits, salaries, wages, and other benefits under employment agreements consisted of the following at June 30 (in thousands):

	2019	2018
Postretirement benefits	$ 277,372	$ 278,674
Compensated absences, severance plans, and other commitments	66,163	62,988
Self-insured benefits	10,183	11,944
Total employment related obligations	$ 353,718	$ 353,606

In fiscal year 1998, Dartmouth revised its pension benefit for staff and non-union service employees, giving each participant a one-time option to either remain in the defined benefit plan or enroll in the defined contribution plan effective January 1, 1998. Staff and non-union service employees hired since that date receive retirement benefits under the defined contribution plan. Effective January 1, 2006, all union employees are enrolled in the defined contribution plan.

Dartmouth's postretirement medical benefits consist of medical insurance coverage for retirees. Employees hired prior to July 1, 2009 that are 55 or older and have at least ten continuous years of service in a benefits-eligible position immediately prior to retirement are currently eligible for a subsidy toward the purchase of Retiree Medical Benefits. The subsidy amount was based on the employee's annual salary, age, and years of service as of June 30, 2009. For retirees under the age of 65, the medical insurance options are the same as for active employees. At age 65, the retiree would enroll in the Dartmouth College Medicare Supplement (DCMS) plan. New employees hired on or after July 1, 2009 are eligible to participate in a Retirement Savings Match and are eligible to purchase the retiree group medical insurance at full cost if they qualify at retirement.

Information pertaining to the pension and postretirement benefits at June 30 include (in thousands):

	Pension Benefits		Postretirement Benefits	
Change in benefit obligation:	2019	2018	2019	2018
Beginning of year	$ 125,925	$ 138,898	$ 278,674	$ 329,040
Service cost	2,052	2,404	3,347	5,068
Interest cost	5,072	4,786	11,425	12,007
Benefits paid	(11,302)	(10,816)	(10,667)	(9,030)
Actuarial (gain)/loss	13,106	(9,347)	(5,407)	(58,411)
End of year	$ 134,853	$ 125,925	$ 277,372	$ 278,674
Change in estimated fair value of plan assets:				
Beginning of year	$ 134,088	$ 139,636	$ -	$ -
Actual return on plan assets	15,947	5,268	-	-
Employer contributions	-	-	10,667	9,030
Benefits paid	(11,302)	(10,816)	(10,667)	(9,030)
End of year	$ 138,733	$ 134,088	$ -	$ -
Funded status (plan assets more (less) than benefits obligation)	$ 3,880	$ 8,163	$ (277,372)	$ (278,674)
Net periodic benefit (income) cost included the following:				
Operating - Service cost	$ 2,052	$ 2,404	$ 3,347	$ 5,068
Nonoperating:				
Interest cost	5,072	4,786	11,425	12,007
Expected return on assets	(7,380)	(7,641)	-	-
Amortization of prior service cost (credit)	-	-	-	(1,464)
Recognized net actuarial loss	-	279	(597)	-
Total nonoperating	(2,308)	(2,576)	10,828	10,543
Net periodic benefit cost (income)	$ (256)	$ (172)	$ 14,175	$ 15,611

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
Weighted-average assumptions for determining net periodic benefit cost:				
Discount Rate – Benefit Obligation	4.26%	3.84%	4.42%	4.15%
Discount Rate – Service Cost	4.36%	3.97%	4.57%	4.38%
Discount Rate – Interest Cost	4.21%	3.61%	4.17%	3.70%
Expected return on plan assets	5.75%	6.00%	-	-
Weighted-average assumptions for determining benefit obligations:				
Rate of compensation increase	2.50%	2.50%	-	-
Discount rate used to determine benefit obligations	3.54%	4.26%	3.84%	4.42%

The decrease in the postretirement benefit obligation is primarily due to actual 2018 claims experience, adjusted trend assumptions and a reduction in excise tax liability, which are reflected in the 2019 actuarial gain of $5,407,000.

The increase (decrease) in net assets without donor restrictions resulting from the change in pension and postretirement benefit obligations consisted of the following (in thousands):

	Pension Benefits	Postretirement Benefits	Total 2019	Total 2018
Amounts recognized in non-operating activities:				
Net actuarial gain (loss)	$ (4,539)	$ 5,407	$ 868	$ 65,385
Amortization of gain	-	(597)	(597)	279
Amortization of prior service cost (credit)	-	-	-	(1,464)
Net periodic benefit cost other than service cost	2,308	(10,828)	(8,520)	(7,967)
Total non-operating gain (loss)	(2,231)	(6,018)	(8,249)	56,233
Amounts recognized in operating activities:				
Service cost	(2,052)	(3,347)	(5,399)	(7,472)
Total increase (decrease)	$ (4,283)	$ (9,365)	$ (13,648)	$ 48,761

The cumulative amounts in net assets without donor restrictions that have not yet been recognized as components of net periodic benefit cost are as follows (in thousands):

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
Prior service cost	$ -	$ -	$ -	$ -
Net (gain)/loss	7,121	2,582	(39,769)	(34,959)
Total	$ 7,121	$ 2,582	$ (39,769)	$ (34,959)

The estimated costs that will be amortized into net periodic benefit costs in fiscal 2020 are as follows (in thousands):

	Pension Benefits	Postretirement Benefits
Prior service cost	$ -	$ -
Net (gain)/loss	52	(1,003)
Total	$ 52	$ (1,003)

The following table lists specified investment terms by asset category for defined benefit pension plan (the Plan) investments in certain commingled funds and private partnership interests that are reported using NAV as the practical expedient as of June 30, 2019 (in thousands):

	Amount	Redemption Terms	Days Notice	Remaining Unfunded Commitment
Fixed income	$ 86,941	Daily	2	$ -
Global equity	49,156	Daily	2	-
Private equity / Venture capital	1,394	Illiquid	Not applicable	169
Total	$ 137,491			$ 169

In addition to the investments disclosed above, the Plan also holds $1,242,000 in cash and cash equivalents at June 30, 2019, which is classified as a Level 1 investment in the fair value hierarchy.

The following table lists specified investment terms by asset category for the Plan investments in certain commingled funds and private partnership interests that are reported using NAV as the practical expedient as of June 30, 2018 (in thousands):

	Amount	Redemption Terms	Days Notice	Remaining Unfunded Commitment
Fixed income	$ 64,110	Daily	2	$ -
Global equity	66,094	Daily	2	-
Private equity / Venture capital	1,865	Illiquid	Not applicable	297
Total	$ 132,069			$ 297

In addition to the investments disclosed above, the Plan also holds $2,019,000 in cash and cash equivalents at June 30, 2018, which is classified as a Level 1 investment in the fair value hierarchy.

The overall investment strategy of the Plan is to utilize an asset mix that is designed to meet the near and longer term benefit payment obligations of the Plan. Over time, the asset mix may include global equity and fixed income exposures. Global equity exposure is designed to capture the equity market performance of developed markets while fixed income exposure provides a predictable yield as well as a hedge against changing interest rates by holding corporate bonds and other financial instruments. Other types of investments may include private equity, venture capital, and other private real asset partnerships that employ different underlying strategies. Outside investment advisors are utilized to manage the Plan assets and are selected based on their investment style, philosophy, and past performance. Dartmouth's investment office is responsible for managing the asset allocation and investment risk management of the Plan.

Dartmouth may make annual contributions to maintain funding for the defined benefit plan, taking into account investment and actuarial information, including minimum funding requirements. Dartmouth currently does not expect to contribute to the Plan in fiscal year 2020.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid in each of the next five years ending June 30 and thereafter as follows (in thousands):

	Pension Benefits	Postretirement Benefits
2020	11,900	8,600
2021	9,800	9,400
2022	10,000	10,000
2023	9,600	10,600
2024	9,000	11,100
Years 2025 – 2029	43,500	62,700

The accumulated benefit obligation (ABO) of the defined benefit plan was $129,823,000 and $121,040,000 as of June 30, 2019 and 2018, respectively.

Assumed health care cost trend rates have a significant effect on the estimated amounts reported for the postretirement benefit plan. The medical cost trend rates for pre-age 65 and post-age 65 retirees, respectively, are assumed to be 6.83% and 7.60% in year 2019, decrease gradually to 4.5% and 4.5% in fiscal year 2027, respectively, and remain level thereafter. Dartmouth's estimate of postretirement benefit expense and obligations also reflects the impact of the Medicare Prescription Drug Improvement and Modernization Act, which provides for tax-free subsidies to employers that offer retiree medical benefit plans with qualifying drug coverage.

A one percentage point increase (decrease) in assumed health care cost trend rates would have the following effect (in thousands):

Increase (decrease) in total of service and interest cost components	$	3,042	$	(2,325)
Increase (decrease) in postretirement benefit obligation	$	50,709	$	(40,211)

Dartmouth estimates the costs of the service and interest components through a full yield curve approach by applying the specific spot rates along the yield curve used in the determination of the net periodic expense to the relevant present value of projected cash flows.

Dartmouth also maintains defined contribution retirement plans for its employees. These benefits are individually funded and are subject to various vesting requirements. Under these arrangements, Dartmouth makes contributions to individual self-directed retirement investment accounts for the participants. These contributions for the years ended June 30, 2019 and 2018 were $26,729,000 and $26,002,000, respectively. Dartmouth also maintains deferred compensation plans. The liabilities for the plans are included in pension and other employment related obligations in the Consolidated Statements of Financial Position.

J. Other Operating Income

The major components of other operating income for the years ended June 30 were as follows (in thousands):

	2019	2018
Medical School clinical services and other support	$ 25,678	$ 14,342
Foreign study and continuing education programs	11,431	11,451
Student activities and other program revenues	13,099	11,325
Athletics revenues	4,566	4,765
Hopkins Center and Hood Museum revenues	1,370	1,407
Other revenues	21,922	24,666
Investment income	40,181	32,459
Total other operating income	$ 118,247	$ 100,415

Other operating income related to program revenue is recognized over the period during which the services are provided.

K. Net Assets

Additional information pertaining to Dartmouth's net assets at June 30 is presented below (in thousands):

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Detail of net assets:			
Operating funds	$ 279,296	$ 99,223	$ 378,519
Pledges	-	414,261	414,261
Postretirement and pension benefit obligations	(273,493)	-	(273,493)
Third-party charitable trusts	-	9,942	9,942
Facilities and capital	376,498	114,753	491,251
Interest rate swap agreements	(185,098)	-	(185,098)
Student loan funds	25,037	19,581	44,618
Other non-operating activities	7,510	49,466	56,976
Life income, annuity, and similar funds	-	104,731	104,731
Endowment funds	1,301,074	4,430,248	5,731,322
Total net assets	$ 1,530,824	$ 5,242,205	$ 6,773,029

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Detail of net assets:			
Operating funds	$ 291,690	$ 85,179	$ 376,869
Pledges	-	352,079	352,079
Postretirement and pension benefit obligations	(270,514)	-	(270,514)
Third-party charitable trusts	-	9,738	9,738
Facilities and capital	354,027	96,770	450,797
Interest rate swap agreements	(135,102)	-	(135,102)
Student loan funds	23,651	18,768	42,419
Other non-operating activities	11,149	27,122	38,271
Life income, annuity, and similar funds	-	99,322	99,322
Endowment funds	1,249,243	4,244,961	5,494,204
Total net assets	$ 1,524,144	$ 4,933,939	$ 6,458,083

L. Commitments and Contingencies

Outstanding commitments on uncompleted construction contracts total $91,973,000 at June 30, 2019.

Investment related commitments as of June 30, 2019 and 2018 are disclosed in the Fair Value NAV tables in Note D, Investments.

All funds expended by Dartmouth in connection with government sponsored grants and contracts are subject to audit by governmental agencies. The ultimate liability, if any, from such audits, is not expected to have a material adverse effect on Dartmouth's financial position.

In conducting its activities, Dartmouth from time to time is the subject of various claims and also has claims against others. The ultimate resolution of such claims is not expected to have either a material adverse or favorable effect on Dartmouth's financial position. A federal class action lawsuit was filed against Dartmouth during fiscal 2019 asserting claims under Title IX and under New Hampshire common law. Dartmouth entered into mediation proceedings with the plaintiffs and reached a settlement in August 2019 that was filed with the Court in September 2019 and remains subject to approval by the Court. In the settlement, Dartmouth expressly denies liability. The settlement releases all claims against Dartmouth by the plaintiffs and by all settlement class members, and it includes a monetary component of $14,000,000 and prospective programmatic measures. Dartmouth has included the $14,000,000 settlement expense and $5,000,000 estimated insurance recoveries in Other expenses in the Statement of Expenses and Other operating income in the Statement of Activities, respectively, and in Accounts Payable and other liabilities and Receivables and other assets, net, respectively, in the Statement of Financial Position.

M. Related Party Transactions

Members of Dartmouth's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with Dartmouth. Dartmouth has a written conflict of interest policy that requires annual reporting by each Trustee, as well as senior management. Additionally, Dartmouth has a policy on Pecuniary Benefit Transactions and Related Party Investments. This policy supplements the Dartmouth College Conflict of Interest Policy with regard to pecuniary benefit transactions, as defined by New Hampshire law, including but not limited to Dartmouth's investment in investment vehicles in which Trustees have a financial interest. These policies include, among other things, that no member of the Board of Trustees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be for goods or services purchased or benefits provided in the ordinary course of the business of Dartmouth, for the actual or reasonable value of the goods or services or for a discounted value, based on terms that are fair and reasonable to and in the best interest of Dartmouth, and in accordance with applicable conflict of interest laws.

N. Environmental Remediation and Related Costs

From the mid-1960s until 1978, Dartmouth used a quarter-acre portion of a 223-acre piece of property it owns in Hanover, NH (known as "Rennie Farm") as a licensed burial site for animal carcasses used in medical and other research. Site remediation was approved by the New Hampshire Department of Health and Human Services, Radiological Health Section (RHS) and began in late October 2011. In November 2011, unexpected hazardous chemical waste was encountered. Dartmouth has continued to monitor groundwater quality and has conducted a phased investigation consistent with state environmental requirements. During fiscal year 2017 Dartmouth completed the installation of a pump and treat system to treat and remove contaminated groundwater from the source area. Dartmouth will remediate the site and continue monitoring groundwater wells and selected drinking water supply wells with oversight from New Hampshire Department of Environmental Services.

In February 2017, Dartmouth College established a Value Assurance Program ("VAP") to protect the value of eligible properties located in the Rennie Farm neighborhood. The VAP, which is a voluntary program, will run until February 1, 2022. Under the terms of the VAP, owners of eligible properties who meet certain requirements will be compensated if they are unable to sell their home at market value due to the Rennie Farm remediation. If an owner of an eligible property is unable to sell his/her home after meeting certain requirements, Dartmouth College will purchase the property.

During fiscal year 2017, Dartmouth accrued $21,810,000 for estimated future costs of all remediation activities as well as an estimate of expenses of the VAP. The accrued liabilities are reported in the accounts payable and other liabilities line in the Consolidated Statement of Financial Position. As of June 30, 2019, the accrual for estimated future remediation and VAP expenses was $19,846,000. Actual future remediation and VAP expenses could differ from this amount.

O. Subsequent Events

For purposes of determining the effects of subsequent events on these consolidated financial statements, management has evaluated events subsequent to June 30, 2019 and through October 25, 2019, the date on which the consolidated financial statements were issued, and has concluded that there were no subsequent events requiring adjustment or disclosure.