

Dartmouth College

Report on Federal Awards in Accordance
with the Uniform Guidance

June 30, 2018

EIN #020222111

Dartmouth College
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Report of Independent Auditors

To the Board of Trustees of Dartmouth College:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dartmouth College and its subsidiaries ("Dartmouth College"), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and of operating expenses for the year ended June 30, 2018, and of cash flows for the years ended June 30, 2018 and 2017, and the related notes to the financial statements.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Dartmouth 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 Dartmouth 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 consolidated financial position of Dartmouth College and its subsidiaries as of June 30, 2018 and 2017, and the changes in their net assets for the year ended June 30, 2018 and their cash flows for the years ended June 30, 2018 and 2017 in accordance with accounting principles generally accepted in the United States of America.



Other Matters

We previously audited the consolidated statement of financial position as of June 30, 2017, 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 26, 2017, 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, 2017 and for the year then ended is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2018 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2018 on our consideration of Dartmouth College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2018. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dartmouth College's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Boston, MA
October 24, 2018

Dartmouth College

Consolidated Statement of Financial Position

As of June 30, 2018 and June 30, 2017

(in thousands)

	2018	2017
Assets		
Cash and cash equivalents	\$ 203,676	\$ 175,997
Receivables and other assets, net	133,016	137,687
Investment related receivables	37,833	52,591
Pledges receivable, net	352,079	244,714
Investments	6,591,811	6,318,176
Land, buildings, equipment, and construction in progress, net	967,686	967,639
Total assets	<u>\$ 8,286,101</u>	<u>\$ 7,896,804</u>
Liabilities		
Accounts payable and other liabilities	\$ 91,833	\$ 94,929
Investment related payables	53,188	157,308
Deferred revenues and deposits	48,011	39,975
Liability for split-interest agreements	51,637	52,715
Pension and other employment related obligations	353,606	400,872
Bonds, mortgages, and notes payable, net	1,052,782	1,211,124
Interest rate swap liabilities, at fair value	135,102	175,646
Conditional asset retirement obligations	24,062	25,314
Government advances for student loans	17,797	20,551
Total liabilities	<u>1,828,018</u>	<u>2,178,434</u>
Net Assets		
Unrestricted	1,524,144	1,329,106
Temporarily restricted	3,384,711	2,986,934
Permanently restricted	1,549,228	1,402,330
Total net assets	<u>6,458,083</u>	<u>5,718,370</u>
Total liabilities and net assets	<u>\$ 8,286,101</u>	<u>\$ 7,896,804</u>

See accompanying notes to the consolidated financial statements.

Dartmouth College

Consolidated Statement of Activities

For the year ended June 30, 2018, with summarized financial information for the year ended June 30, 2017

(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2018	2017
Endowment Activities					
Gifts	\$ 129	\$ 17,294	\$ 84,626	\$ 102,049	\$ 56,799
Net investment return	135,874	453,763	1,239	590,876	630,383
Distributed for spending	(53,291)	(182,830)	(413)	(236,534)	(225,409)
Other changes	2,435	(11,829)	18,593	9,199	4,881
Amounts transferred from other funds, net	63,647	5,388	3,085	72,120	15,436
Change in net assets from endowment activities	148,794	281,786	107,130	537,710	482,090
Operating Activities					
Revenues					
Tuition and fees	374,268	-	-	374,268	355,454
Student scholarships	(158,094)	-	-	(158,094)	(150,460)
Net tuition and fees	216,174	-	-	216,174	204,994
Sponsored research grants and contracts	169,948	-	-	169,948	171,007
Dartmouth College Fund and other gifts	75,199	15,594	-	90,793	86,999
Distributed endowment investment return	224,058	10,558	-	234,616	223,545
Other operating income	99,772	643	-	100,415	123,655
Auxiliaries	81,548	-	-	81,548	77,680
Net assets released from restrictions	8,767	(8,767)	-	-	-
Total revenues	875,466	18,028	-	893,494	887,880
Expenses					
Academic and student programs	560,168	-	-	560,168	551,549
Sponsored programs	125,182	-	-	125,182	128,469
General institutional services	101,606	-	-	101,606	100,457
Auxiliaries	87,150	-	-	87,150	83,078
Subtotal expenses for ongoing operations	874,106	-	-	874,106	863,553
Change in net assets from ongoing operations	1,360	18,028	-	19,388	24,327
Environmental remediation and related expenses	-	-	-	-	26,950
Change in net assets from operating activities	1,360	18,028	-	19,388	(2,623)
Non-operating Activities					
Gifts	-	67,575	1,979	69,554	61,845
Other non-operating changes, net	(550)	2,285	-	1,735	51,405
Distributed endowment investment return	589	1,329	-	1,918	1,864
Increase in outstanding pledges, net	-	67,818	39,547	107,365	33,259
Other components of net periodic benefit cost	(7,965)	-	-	(7,965)	(9,570)
Pension and postretirement benefit related changes					
other than net periodic benefit cost	64,198	-	-	64,198	37,422
Disposals and non-capitalized expenditures	(3,748)	(469)	-	(4,217)	(9,452)
Change in unrealized gain related to					
interest rate swap agreements	40,544	-	-	40,544	74,675
Net assets released from restrictions	14,903	(14,903)	-	-	-
Amounts transferred to endowment, net	(63,276)	(8,844)	-	(72,120)	(15,436)
Net change in split-interest agreements	189	(16,828)	(1,758)	(18,397)	(14,069)
Change in net assets from non-operating activities	44,884	97,963	39,768	182,615	211,943
Change in net assets	195,038	397,777	146,898	739,713	691,410
Net Assets, beginning of year	1,329,106	2,986,934	1,402,330	5,718,370	5,026,960
Net Assets, end of year	\$ 1,524,144	\$ 3,384,711	\$ 1,549,228	\$ 6,458,083	\$ 5,718,370

See accompanying notes to the consolidated financial statements.

Dartmouth College

Consolidated Statement of Operating Expenses

For the year ended June 30, 2018, with summarized financial information for the year ended June 30, 2017
(in thousands)

	General Institutional Services					Total Expenses		
	Academic & Student Programs	Sponsored Programs	Administrative Support	Facilities Operation & Maintenance	Development	Auxiliaries	2018	2017
Salaries and wages	\$ 241,729	\$ 50,263	\$ 29,180	\$ 18,845	\$ 23,344	\$ 16,358	\$ 379,719	\$ 366,654
Employee benefits	75,192	15,635	9,077	5,862	7,261	5,088	118,115	124,114
Fellowships and student support	13,607	3,718	-	-	-	-	17,325	17,090
Materials, equipment, and supplies	36,756	9,301	7,224	1,604	1,160	17,709	73,754	72,370
Purchased services	42,309	42,588	4,571	3,592	4,527	11,526	109,113	115,013
Utilities taxes, and occupancy	1,961	127	-	31,620	494	8,132	42,334	38,134
Depreciation and amortization	46,857	-	3,903	4,866	380	9,895	65,901	66,189
Lodging, travel, and similar costs	24,656	3,258	1,269	109	2,228	148	31,668	30,149
Interest	-	-	-	24,937	-	1,407	26,344	27,356
Other expenses	5,585	292	1,651	302	751	1,252	9,833	6,484
	488,652	125,182	56,875	91,737	40,145	71,515	874,106	863,553
Facilities operation & maintenance	71,516	-	4,380	(91,737)	206	15,635	-	-
Total expenses for FY18	\$ 560,168	\$ 125,182	\$ 61,255	\$ -	\$ 40,351	\$ 87,150	\$ 874,106	\$ 863,553
Total expenses for FY17	\$ 551,549	\$ 128,469	\$ 63,853	\$ -	\$ 36,604	\$ 83,078	\$ 830,493	\$ 818,553

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended June 30, 2018 and June 30, 2017
(in thousands)

	2018	2017
Cash flows from operating activities		
Total change in net assets	\$ 739,713	\$ 691,410
Adjustments to reconcile total change in net assets to net cash used by operating activities:		
Depreciation and amortization	65,721	66,499
Change in estimated value of interest rate swap agreements	(40,544)	(74,675)
Change in estimated pension and post-retirement benefit obligation	(50,365)	(26,056)
Net change in split-interest liability	(1,078)	3,188
Change in pledges receivable, net	(107,365)	(33,259)
Other non-cash transactions	885	854
Contributions, investment income, and other changes restricted for long-term investment	(198,154)	(106,153)
Net realized and changes unrealized (gains) losses	(620,898)	(717,837)
Changes in operating assets and liabilities:		
Receivables and other assets, net	142	597
Accounts payable and other liabilities	(6,186)	(5,452)
Deferred revenues and deposits	8,036	(1,073)
Employment related obligations	3,099	6,218
Net cash used in operating activities	<u>(206,994)</u>	<u>(195,739)</u>
Cash flows from investing activities		
Student loans granted	(5,796)	(6,977)
Student loans repaid	10,234	10,559
Purchases of land, buildings, and equipment	(65,161)	(79,629)
Purchases of investments	(4,673,592)	(3,838,691)
Sales and maturities of investments	4,931,493	4,006,376
Net cash provided by investing activities	<u>197,178</u>	<u>91,638</u>
Cash flows from financing activities		
Proceeds from issuance of debt	46,831	-
Repayment of debt	(204,736)	(33,878)
Contributions, investment income, and other changes restricted for long-term investment in:		
Facilities	23,795	34,159
Endowment, life income, and similar funds	174,359	71,994
Changes in government advances for student loans	(2,754)	(109)
Net cash provided by financing activities	<u>37,495</u>	<u>72,166</u>
Net change in cash and cash equivalents	27,679	(31,935)
Cash and cash equivalents, beginning of year	175,997	207,932
Cash and cash equivalents, end of year	<u>\$ 203,676</u>	<u>\$ 175,997</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 45,252	\$ 50,703
Accounts payable related building and equipment additions	\$ 1,838	\$ 1,313
Fair value of contributed securities received	\$ 62,849	\$ 41,735

See accompanying notes to the consolidated financial statements.

Dartmouth College
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

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 2,100 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 U.S. generally accepted accounting principles (GAAP), net assets, revenues, gains, and losses are classified into three categories: unrestricted, temporarily restricted, or permanently restricted. Unrestricted net assets include all resources that are not subject to donor-imposed 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 unrestricted net assets 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. 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 expenses are recorded as a reduction of unrestricted net assets.

Temporarily restricted net assets carry donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because of the passage of time or because actions are taken to fulfill the restrictions. Temporarily restricted net assets include unexpended endowment return, unexpended restricted use gifts, term endowment funds, loan funds, certain uncollected pledges, and life income and similar funds. Donor-restricted resources intended for capital projects are released from their temporary restrictions and presented as unrestricted support when the related asset is placed in service. Temporarily restricted endowment distribution and donor-restricted gifts which are received, and either spent or deemed spent within the same fiscal year, are reported as unrestricted.

Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the net assets be retained permanently. Based upon a legal interpretation of New Hampshire State Law, Dartmouth has determined that appreciation on restricted endowment funds should be classified as temporarily restricted net assets until such time as the appreciation is appropriated by the Board of Trustees. 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 unrestricted or temporarily restricted nature of the donor's intended use of the funds. 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 unrestricted operating or non-operating activities, depending upon Dartmouth's intended use of the funds. Permanently restricted net assets consist of the original principal of endowment gifts, life income and similar funds, and certain pledges.

Comparative Financial Information

The 2018 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, 2017, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the fiscal year 2018 presentation.

Dartmouth College
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

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 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.

In fiscal year 2017, Dartmouth adopted ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from that debt liability, consistent with the presentation of a debt discount.

In fiscal year 2018, Dartmouth adopted Accounting Standards Update (ASU) No. 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This guidance requires that the service cost component of net periodic benefit cost for pension and other postretirement benefits be included in employee benefit expenses. The other components of net periodic benefit cost are required to be presented as a nonoperating change in unrestricted net assets. See Note H.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* at the conclusion of a joint effort with the International Accounting Standards Board to create common revenue recognition guidance for U.S. GAAP and international accounting standards. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services, by allocating the transaction price to identified performance obligations, and recognizing that revenue as performance obligations are satisfied. Qualitative and quantitative disclosures will be required to enable users of financial statements to understand the natures, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In August of 2015, FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which makes ASU 2014-09 effective for the fiscal year ending June 30, 2019. Dartmouth is planning for the implementation of this new standard.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, 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. The ASU is effective for fiscal year ending June 30, 2019. Dartmouth is planning for the implementation of the new standard.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update provides clarifying guidance on accounting for the grants and contracts of nonprofit organizations as they relate to the new revenue standard (ASU 2014-09 Revenue from Contracts with Customers) and aims to minimize diversity in the classification of grants and contracts that exists under current guidance. The new guidance also clarifies the criteria for evaluating whether contributions are unconditional (and thus recognized immediately in income) or conditional (for which income recognition is deferred). The ASU is effective for the fiscal year ending June 30, 2019. Dartmouth is planning for the implementation of the new standard.

Dartmouth College
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

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 has begun planning for the implementation of this new standard.

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.

Non-operating activities presented in the Consolidated Statement of Activities consist of gifts for facilities projects 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 unrestricted funds.

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 Statement 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 occurs. Tuition and fees revenue from undergraduate enrollment represents approximately 66 percent of tuition and fees revenue for the years ended June 30, 2018 and 2017. Student scholarships provided by Dartmouth are presented in the Consolidated Statement of Activities as a reduction in tuition and fees revenue. In addition, Dartmouth acts as an agent for recipients of scholarships from other sponsors in the amounts of \$3,821,000 and \$3,475,000 for the years ended June 30, 2018 and 2017, respectively, which are not presented in the Consolidated Statement of Activities.

Prior to fiscal year 2017, all students admitted to Dartmouth's undergraduate program were admitted without regard to financial need. Beginning in fiscal year 2017, for international applicants only, Dartmouth has considered the financial need of those applicants as part of the admissions process. All admitted 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.

Dartmouth College
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

Sponsored Research Grants and Contracts

Revenues from government and private sponsored research grants and contracts are recognized when the direct costs associated with the sponsored program are incurred. 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 \$44,095,000 and \$42,718,000 during the years ended June 30, 2018 and 2017, respectively.

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, 2018, tax years ended June 30, 2015 through June 30, 2017 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%. For fiscal year 2019 the full impact of the Act will not be known until further regulatory guidance is provided regarding the calculation of income and excise tax liabilities. Dartmouth continues to evaluate the impact of tax reform on the institution.

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, 2018 and 2017, Dartmouth paid approximately \$19,500,000 and \$19,300,000, respectively, and received approximately \$11,400,000 and \$9,100,000, 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.

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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 Statement 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, pledges and pledge payments 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, 2018 and June 30, 2017 are included within Investments as presented on the Consolidated Statement 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, in most cases, netted against investment return. However, certain expenses paid directly by Dartmouth for investment management and custody services, including certain internal costs, amounted to approximately \$17,653,000 and \$15,817,000 for the years ended June 30, 2018 and 2017, respectively, and have been netted against total investment return and other operating and non-operating investment return in the accompanying Consolidated Statement of Activities.

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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 restricted by donors and unrestricted net assets 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 donor restricted endowment funds do allow for the expenditure of principal, and Dartmouth-designated endowment funds are unrestricted net assets 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 permanently restricted net assets all endowment funds that must be retained permanently in accordance with stipulations imposed by a donor at the time of a gift, plus the original value of assets donated to permanent endowment, along with any investment earnings that are directed by the donor to be reinvested in perpetuity (i.e., historic book value). The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA and in accordance with purpose designated by the donor.

Unrestricted endowment net assets include Dartmouth funds and certain unrestricted 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 unrestricted endowment net assets and the annual distribution of a portion of accumulated investment return to operating and non-operating activities are presented as changes in unrestricted net assets in the Consolidated Statement of Activities. Temporarily restricted endowment net assets include certain expendable endowment gifts, and any retained income and appreciation thereon, which are restricted by the donor to a specific purpose or by law. When the temporary restrictions on these funds have been met, the gifts ordinarily remain in the endowment by trustee designation to continue supporting the same activities as those specified by the donors, but the net assets are reclassified to unrestricted endowment net assets.

Investment return on temporarily and permanently restricted net assets are generally presented as changes in temporarily restricted net assets 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 3.4% and 2.4% for June 30, 2018 and 2017, 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

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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 Statement of Financial Position. Purchases of collection items are recorded in the Consolidated Statement of Activities as non-operating decreases in unrestricted net assets in the year in which the items are acquired or in temporarily restricted net assets 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):

	2018	2017
Student accounts	\$ 1,052	\$ 1,884
Sponsored research grants and contracts	18,570	20,149
Other accounts	44,637	35,858
Notes and student loans	56,811	61,249
Less: allowance for uncollectible accounts	(2,537)	(2,446)
Receivables, net	\$ 118,533	\$ 116,694
Prepaid costs, inventories, and other assets	14,483	20,993
Total receivables and other assets, net	\$ 133,016	\$ 137,687

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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 Statement 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 restricted and unrestricted 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 pledge payments received during the years ended June 30 were as follows (in thousands):

	2018	2017
Gifts to support operations	\$ 90,793	\$ 86,999
Gifts for:		
Facilities and student loans	23,795	34,159
Other restricted uses	19,556	4,838
Endowment	102,049	56,799
Split-interest agreements	26,203	22,848
Total gifts and pledge payments	\$ 262,396	\$ 205,643

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):

	2018	2017
In one year or less	\$ 113,061	\$ 60,631
Between one year and five years	201,588	150,323
Six years and after	57,891	47,847
Gross pledges receivable	\$ 372,540	\$ 258,801
Less: present value discount	(16,582)	(10,722)
Less: allowance for uncollectible pledges	(3,879)	(3,365)
Pledges receivable, net	\$ 352,079	\$ 244,714

The change in net pledges receivable is presented as a non-operating activity in the Consolidated Statement of Activities.

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 on the Consolidated Statement 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

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include directly held securities as well as investments through commingled funds and derivatives, including fixed income futures and forwards, and interest rate and credit default swaps.

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):

	<u>2018</u>	<u>2017</u>
Endowment investments	\$ 5,538,502	\$ 5,069,078
Split-interest agreement investments	149,494	142,773
Operating and other investments	<u>903,815</u>	<u>1,106,325</u>
Total investments	<u>\$ 6,591,811</u>	<u>\$ 6,318,176</u>

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.

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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	\$ 106,966	\$ -	\$ -	\$ 106,966
Fixed income	413,413	164,031	27	577,471
Global equity:				
US equity	237,994	-	23	238,017
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
Contributions in advance	79,000	-	-	79,000
Total investments	\$ 1,092,576	\$ 164,121	\$ 196,261	\$ 1,452,958

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, 2017 (in thousands):

	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	\$ 153,411	\$ -	\$ -	\$ 153,411
Fixed income	491,471	245,763	1	737,235
Global equity:				
US equity	423,837	-	23	423,860
International	24,601	-	-	24,601
Emerging markets	109,178	-	-	109,178
Real assets:				
Real estate	17,367	-	189,934	207,301
Other real assets	42,700	-	-	42,700
Other investments	-	85	2,151	2,236
Contributions in advance	15,000	-	-	15,000
Redemption receivable	101,396	-	-	101,396
Total investments	\$ 1,378,961	\$ 245,848	\$ 192,109	\$ 1,816,918

The following tables present Dartmouth's activity for the fiscal years ended June 30, 2018 and 2017 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, 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

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	Fixed Income	US Equity	Real Assets	Private Equity/Venture Capital	Other Investments	Total
Balance as of June 30, 2016	\$ 79	\$ 523	\$ 199,253	\$ -	\$ 1,454	\$ 201,309
Acquisitions / purchases	-	-	3,315	-	908	4,223
Distributions / sales	(8)	(652)	(27,895)	-	(211)	(28,766)
Realized gain	8	152	13,626	-	-	13,786
Change in unrealized gain/(loss)	(78)	-	1,635	-	-	1,557
Balance as of June 30, 2017	<u>\$ 1</u>	<u>\$ 23</u>	<u>\$ 189,934</u>	<u>\$ -</u>	<u>\$ 2,151</u>	<u>\$ 192,109</u>

All net realized and unrealized gains/(losses) in the table above are reflected in the Consolidated Statement of Activities. Cumulative unrealized gains related to Level 3 investments totaled \$29,050,000 and \$23,436,000 as of June 30, 2018 and 2017, respectively. The net change in unrealized gains/(losses) related to Level 3 investments held at June 30, 2018, and June 30, 2017, are disclosed in the table above. Transfers between levels of the fair value hierarchy are reported at the beginning of the reporting period in which they occur. For fiscal year 2018, transfers from Level 2 to Level 3, are primarily due to the decreased observability of pricing inputs for certain securities.

The following tables provide quantitative information about the significant unobservable inputs used in the valuation of directly held real estate as of June 30, 2018 and June 30, 2017. Investments in real estate represent the estimated asset value of each of the underlying property investments, which are primarily informed by third party appraisals. Actual results could differ materially from these estimates particularly during periods of investment and/or interest rate volatility.

June 30, 2018 (in thousands):

Valuation Technique	Fair Value ¹	Unobservable Inputs	Input Value(s)
Third party appraisal-income capitalization approach	\$ 172,085	Capitalization rate	5.00 – 7.00%
Third party appraisal-comparable sales	16,406	Recent sales	
Third party appraisal-comparable sales	2,927	Discount rate	25.00%
Tax assessed value – adjusted annually	2,909	State / Local equalization ratios	0.810
Cost	722	Not applicable	Not applicable
Total	<u>\$ 195,049</u>		

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

June 30, 2017 (in thousands):

Valuation Technique	Fair Value ¹	Unobservable Inputs	Input Value(s)
Third party appraisal-income capitalization approach	\$ 168,590	Capitalization rate	4.00 – 7.00%
Third party appraisal-comparable sales	15,832	Recent sales	
Market bid	2,070	Not applicable	25.00%
Tax assessed value – adjusted annually	2,753	State / Local equalization ratios	0.834
Cost	689	Not applicable	Not applicable
Total	<u>\$ 189,934</u>		

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

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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	Remaining Life
Fixed income	\$ 62,215	Monthly	30 – 40	\$ -	No Limit
Global equity:					
US equity ¹	1,070,290	Ranges from quarterly to bi-annual	30 – 90	46,700	No Limit
International ²	683,833	Ranges from semi-monthly to quarterly	3 – 180	-	No Limit
Emerging markets ³	340,270	Ranges from quarterly to annually	45 – 180	5,000	No Limit
Hedge funds ⁴	1,297,214	Ranges from monthly to annually; illiquid	30 – 90	90,003	No Limit
Private equity / Venture capital	1,145,896	Illiquid	Not applicable	713,707	1 – 12 years
Real assets:					
Real estate	205,483	Illiquid	Not applicable	259,632	1 – 12 years
Other real assets	333,652	Illiquid	Not applicable	233,766	1 – 20 years
Total	<u>\$ 5,138,853</u>			<u>\$ 1,348,808</u>	

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 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, 2017 (in thousands):

	Fair Value	Redemption Terms	Days Notice	Remaining Unfunded Commitment	Remaining Life
Fixed income	\$ 61,016	Monthly	30 – 40	\$ -	No Limit
Global equity:					
US equity ¹	929,131	Ranges from monthly to bi-annual	30 – 90	35,000	No Limit
International ²	628,969	Ranges from semi-monthly to quarterly	3 – 180	-	No Limit
Emerging markets ³	214,692	Ranges from monthly to annually	45 – 180	-	No Limit
Hedge funds ⁴	1,202,445	Ranges from quarterly to annually	30 – 90	68,132	No Limit
Private equity / Venture capital	940,667	Illiquid	Not applicable	511,477	1 – 12 years
Real assets:					
Real estate	213,982	Illiquid	Not applicable	255,343	1 – 12 years
Other real assets	310,356	Quarterly, Illiquid	30, Not applicable	209,767	1 – 20 years
Total	<u>\$ 4,501,258</u>			<u>\$ 1,079,719</u>	

¹ US equity includes funds that have restrictions on the ability to fully redeem up to three years.

² International includes one fund with partial capital in lockup through December 31, 2016.

³ Emerging markets includes funds that have restrictions on the ability to fully redeem up to three years.

⁴ Hedge funds includes funds that have restrictions on the ability to fully redeem up to five years, excluding illiquid securities and special investments.

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Investments reported in the Fair Value Leveling and Fair Value NAV tables total \$6,591,811,000 and \$6,318,176,000 and are presented on the Consolidated Statement of Financial Position as of June 30, 2018 and 2017, respectively.

The following tables set forth the fair value of Dartmouth's derivative instruments for investment purposes by contract type as of June 30, 2018 and 2017 and gains/(losses) related to derivative activities for the years ended June 30, 2018 and 2017 (in thousands):

June 30, 2018:

	Notional Exposure		Fair Value ¹		Net Gain/(Loss) ²
	Long	Short	Asset	Liability	
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	<u>\$ 232,263</u>	<u>\$ (81,357)</u>	<u>\$ 735</u>	<u>\$ 485</u>	<u>\$ 644</u>

June 30, 2017:

	Notional Exposure		Fair Value ¹		Net Gain/(Loss) ²
	Long	Short	Asset	Liability	
Foreign currency forward contracts	\$ 42,958	\$ (44,757)	\$ 718	\$ (600)	\$ (86)
Fixed income futures contracts	48,197	(61,497)	139	(299)	1,365
Interest rate swaps	11,661	-	289	(7)	(60)
Credit default swaps	3,532	(6,749)	55	(415)	(435)
Total	<u>\$ 106,348</u>	<u>\$ (113,003)</u>	<u>\$ 1,201</u>	<u>\$ (1,321)</u>	<u>\$ 784</u>

¹ The net fair value of these derivative instruments is included in the Consolidated Statement of Financial Position as investments at fair value.

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, 2018 and 2017, Dartmouth had no pledged collateral on futures contracts for investment purposes.

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 Statement 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 Statement 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.

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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):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2017	\$ 1,100,449	\$ 2,523,545	\$ 1,332,500	\$ 4,956,494
Net investment return:				
Investment income	5,035	17,218	46	22,299
Net appreciation	130,839	436,545	1,193	568,577
Total net investment return	135,874	453,763	1,239	590,876
Gifts	129	17,294	84,626	102,049
Distribution of endowment return to all funds	(53,291)	(182,830)	(413)	(236,534)
Transfers and other changes, net	66,082	(6,441)	21,678	81,319
Endowment net assets, June 30, 2018	\$ 1,249,243	\$ 2,805,331	\$ 1,439,630	\$ 5,494,204
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2016	\$ 1,008,220	\$ 2,179,853	\$ 1,286,331	\$ 4,474,404
Net investment return:				
Investment income	3,371	13,052	34	16,457
Net appreciation	137,585	475,070	1,271	613,926
Total net investment return	140,956	488,122	1,305	630,383
Gifts	37	21,399	35,363	56,799
Distribution of endowment return to all funds	(49,407)	(175,976)	(26)	(225,409)
Transfers and other changes, net	643	10,147	9,527	20,317
Endowment net assets, June 30, 2017	\$ 1,100,449	\$ 2,523,545	\$ 1,332,500	\$ 4,956,494

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. During fiscal year 2018, Dartmouth transferred approximately \$60,000,000 from unrestricted non-endowment net assets to create an unrestricted quasi-endowment.

Included in temporarily restricted endowment net assets at the end of the year is the remaining amount of expendable accumulated appreciation on permanent endowment funds of \$2,324,717,000 and \$2,090,499,000 as of June 30, 2018 and 2017, respectively.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 2,805,331	\$ 1,439,630	\$ 4,244,961
Board-designated endowment funds	1,249,243	-	-	1,249,243
Total endowment net assets	\$ 1,249,243	\$ 2,805,331	\$ 1,439,630	\$ 5,494,204

Endowment net assets consist of the following as of June 30, 2017 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 2,523,545	\$ 1,332,500	\$ 3,856,045
Board-designated endowment funds	1,100,449	-	-	1,100,449
Total endowment net assets	\$ 1,100,449	\$ 2,523,545	\$ 1,332,500	\$ 4,956,494

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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. In accordance with GAAP, events of this nature are reported as reductions in unrestricted net assets. There were no such events in fiscal year 2018 or fiscal year 2017. In order to provide stable funding for the programs supported by the endowment, in fiscal year 2017 Dartmouth's Board of Trustees voted to amend the distribution policy to allow spending from a portion of the historic book value on underwater funds provided there are no donor-imposed restrictions that prohibit such spending. No more than 20% of the historic book value may be distributed, except in cases where the donor directs otherwise.

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 2018 endowment distribution of \$236,534,000 represents a 4.8% 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 most of the permanently and temporarily restricted endowment funds is reported together with temporarily restricted net assets 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):

	2018	2017
Land	\$ 20,481	\$ 19,651
Buildings	1,350,716	1,318,032
Land improvements	121,706	119,286
Equipment and software	366,166	352,416
Land, buildings, and equipment	\$ 1,859,069	\$ 1,809,385
Less: accumulated depreciation	(962,891)	(898,130)
Construction in progress	71,508	56,384
Total net book value	\$ 967,686	\$ 967,639

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.

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G. Bonds, Mortgages, and Notes Payable

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

	<u>Fiscal Year</u> <u>Maturity</u>	<u>2018</u> <u>Interest Rate</u>	<u>2018</u>	<u>2017</u>
New Hampshire Health and Education Facilities Authority (NHHEFA):				
Tax-Exempt Fixed Rate:				
Series 2009	2019	5.00%	\$ 7,920	\$ 52,800
Tax-Exempt Variable Rate:				
Series 2003	2023	.75% - 1.83%	45,500	53,700
Series 2007B	2041	.54% - 1.80%	75,000	75,000
Series 2015AB	2040	1.26% - 2.31%	101,000	101,000
Series 2015CD	2038	1.26% - 2.31%	89,665	89,665
Series 2016A	2043	1.14%	165,000	165,000
Series 2017	2028	5.00%	37,660	-
Subtotal tax-exempt bonds			<u>\$ 521,745</u>	<u>\$ 537,165</u>
Taxable Bonds:				
Fixed Rate				
Series 2009	2019		-	150,000
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			<u>\$ 470,000</u>	<u>\$ 620,000</u>
Subtotal bonds			<u>\$ 991,745</u>	<u>\$ 1,157,165</u>
Mortgages on real estate investments:				
Fixed Rate	2024 – 2037	4.34% - 5.61%	24,732	26,387
Taxable commercial paper note:				
Variable Rate		1.15% - 2.05%	30,000	30,000
Subtotal bonds, mortgages and notes payable			<u>\$ 1,046,477</u>	<u>\$ 1,213,552</u>
Original issue premium, net			9,167	597
Unamortized debt issuance costs			(2,862)	(3,025)
Total bonds, mortgages, and notes payable, net			<u>\$ 1,052,782</u>	<u>\$ 1,211,124</u>

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.

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

	2018	2017
<u>Consolidated Statement of Activities:</u>		
Endowment Activities		
Interest expense on mortgage and debt used to finance endowment-related real estate projects, presented as a reduction in net investment return	\$ 2,232	\$ 2,499
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	26,386	27,142
Interest expense on other operating indebtedness	496	344
Non-Operating Activities (amounts included in Other non-operating changes, net)		
Interest expense on debt used to finance student loans	1,406	1,406
Interest expense on other non-operating indebtedness	14,106	18,312
Total interest expense on the Consolidated Statement of Activities	\$ 44,626	\$ 49,703
<u>Consolidated Statement of Financial Position:</u>		
Interest paid on debt used to finance facilities projects capitalized in connection with various construction projects	\$ 107	\$ 44

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
2019	18,154
2020	10,616
2021	11,005
2022	11,412
2023	11,629
Thereafter	953,661
Total	\$ 1,016,477

Principal due after June 30, 2023, 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

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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, 2018, 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	\$ 31,885	3.77	72
06/01/2028	52,505	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, 2018 and 2017 based on various factors contained in the interest rate swap agreements and certain interest rate assumptions, was approximately \$135,102,000 and \$175,646,000, respectively, and is considered a Level 2 measurement. The decrease in the liability of \$40,544,000 for the year ended June 30, 2018 is presented as a change in unrealized gain and the decrease in the liability of \$74,675,000 for the year ended June 30, 2017 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 \$120,500,000 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 2019 and December 2019. There were no amounts outstanding at June 30, 2018 and 2017 under these agreements.

Dartmouth has two lines of credit totaling \$250,000,000. The maturity dates are June 30, 2019 and June 30, 2020. There was no outstanding borrowing on either line of credit as of June 30, 2018 and 2017.

H. 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):

	2018	2017
Retirement and postretirement benefits	\$ 315,550	\$ 360,114
Compensated absences, severance plans, and other commitments	26,112	25,833
Self-insured benefits	11,944	14,925
Total employment related obligations	\$ 353,606	\$ 400,872

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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	
	2018	2017	2018	2017
Change in benefit obligation:				
Beginning of year	\$ 138,898	\$ 143,699	\$ 329,040	\$ 352,931
Service cost	2,404	2,621	5,068	6,214
Interest cost	4,786	4,505	12,007	12,193
Benefits paid	(10,816)	(8,732)	(9,030)	(7,775)
Actuarial (gain)/loss	(9,347)	(3,195)	(58,411)	(34,523)
End of year	<u>\$ 125,925</u>	<u>\$ 138,898</u>	<u>\$ 278,674</u>	<u>\$ 329,040</u>
Change in estimated fair value of plan assets:				
Beginning of year	\$ 139,636	\$ 141,535	\$ -	\$ -
Actual return on plan assets	5,268	6,833	-	-
Employer contributions	-	-	9,030	7,775
Benefits paid	(10,816)	(8,732)	(9,030)	(7,775)
End of year	<u>\$ 134,088</u>	<u>\$ 139,636</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status (plan assets more (less) than benefits obligation)	<u>\$ 8,163</u>	<u>\$ 738</u>	<u>\$ (278,674)</u>	<u>\$ (329,040)</u>
Net periodic benefit (income) cost included the following:				
Operating - Service cost	\$ 2,404	\$ 2,621	\$ 5,068	\$ 6,214
Nonoperating:				
Interest cost	4,786	4,505	12,007	12,193
Expected return on assets	(7,641)	(6,967)	-	-
Amortization of prior service cost (credit)	-	-	(1,464)	(3,487)
Recognized net actuarial loss	279	1,252	-	2,073
Total nonoperating	<u>(2,576)</u>	<u>(1,210)</u>	<u>10,543</u>	<u>10,779</u>
Net periodic benefit cost (income)	<u>\$ (172)</u>	<u>\$ 1,411</u>	<u>\$ 15,611</u>	<u>\$ 16,993</u>

In accordance with the requirements of ASU 2017-07, the adoption of the new standard has been applied retrospectively in the 2017 Consolidated Statement of Activities and Consolidated Statement of Operating Expenses. Dartmouth has elected the practical expedient for retrospective application. This resulted in a reclassification of \$9,570,000 of non-service related components of net periodic benefit cost from Expenses from Operating activities to Non-operating activities in the 2017 Consolidated Statement of Activities. This also resulted in a reduction of Employee benefits of \$9,570,000 in the 2017 Consolidated Statement of Operating Expenses.

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	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
Weighted-average assumptions for determining net periodic benefit cost:				
Discount Rate – Benefit Obligation	3.84%	3.68%	4.15%	4.15%
Discount Rate – Service Cost	3.97%	3.93%	4.38%	4.47%
Discount Rate – Interest Cost	3.61%	3.18%	3.70%	3.50%
Expected return on plan assets	6.00%	5.55%	-	-
Weighted-average assumptions for determining benefit obligations:				
Rate of compensation increase	2.50%	2.50%	-	-
Discount rate used to determine benefit obligations	4.26%	3.84%	4.42%	4.15%

The decrease in the postretirement benefit obligation is primarily due to actual 2017 claims experience, adjusted trend assumptions and a reduction in excise tax liability, which are reflected in the 2018 actuarial gain of \$58,411,000.

The increase (decrease) in unrestricted net assets resulting from the change in pension and postretirement benefit obligations consisted of the following (in thousands):

	Pension Benefits	Postretirement Benefits	Total 2018	Total 2017
Amounts recognized in non-operating activities:				
Net actuarial gain	\$ 6,974	\$ 58,411	\$ 65,385	\$ 37,584
Amortization of gain	279	-	279	3,325
Amortization of prior service cost (credit)	-	(1,464)	(1,464)	(3,487)
Net periodic benefit cost other than service cost	2,576	(10,543)	(7,967)	(9,569)
Total non-operating gain	9,829	46,404	56,233	27,853
Amounts recognized in operating activities:				
Service cost	(2,404)	(5,068)	(7,472)	(8,835)
Total gain	\$ 7,425	\$ 41,336	\$ 48,761	\$ 19,018

The cumulative amounts in unrestricted net assets that have not yet been recognized as components of net periodic benefit cost are as follows (in thousands):

	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
Prior service cost	\$ -	\$ -	\$ -	\$ (1,464)
Net (gain)/loss	2,582	9,834	34,959	23,451
Total	\$ 2,582	\$ 9,834	\$ 34,959	\$ 21,987

The estimated costs that will be amortized into net periodic benefit costs in fiscal 2019 are as follows (in thousands):

	Pension Benefits	Postretirement Benefits
Prior service cost	\$ -	\$ -
Net (gain)/loss	-	(597)
Total	\$ -	\$ (597)

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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, 2018 (in thousands):

	Amount	Redemption Terms	Days Notice	Remaining Unfunded Commitment	Remaining Life
Fixed income	\$ 64,110	Daily	2	\$ -	Not applicable
Global equity	66,094	Daily	2	-	Not applicable
Private equity / Venture capital	1,865	Illiquid	Not applicable	297	1 – 5 years
Total	<u>\$ 132,069</u>			<u>\$ 297</u>	

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 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, 2017 (in thousands):

	Amount	Redemption Terms	Days Notice	Remaining Unfunded Commitment	Remaining Life
Fixed income	\$ 65,680	Daily	2	\$ -	Not applicable
Global equity	69,402	Daily	2	-	Not applicable
Private equity / Venture capital	2,146	Illiquid	Not applicable	318	1 – 5 years
Total	<u>\$ 137,228</u>			<u>\$ 318</u>	

In addition to the investments disclosed above, the Plan also holds \$2,408,000 in cash and cash equivalents at June 30, 2017, 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 2019.

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
2019	\$ 10,700	\$ 9,200
2020	9,700	9,800
2021	9,700	10,300
2022	9,900	10,900
2023	9,600	11,600
Years 2024 – 2028	43,900	67,000

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The accumulated benefit obligation (ABO) of the defined benefit plan was \$121,040,000 and \$131,099,000 as of June 30, 2018 and 2017, 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 7.75% and 8.4% in year 2018, 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	\$ 3,365	\$ (2,593)
Increase (decrease) in postretirement benefit obligation	\$ 50,429	\$ (40,113)

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, 2018 and 2017 were \$26,002,000 and \$24,953,000, respectively. Dartmouth also maintains deferred compensation plans. The liabilities for the plans are included in pension and other employment related obligations in the Consolidated Statement of Financial Position.

I. Other Operating Income

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

	2018	2017
Medical School clinical services and other support	\$ 14,342	\$ 15,256
Foreign study and continuing education programs	11,451	12,127
Student activities and other program revenues	11,325	13,936
Athletics revenues	4,765	5,039
Hopkins Center and Hood Museum revenues	1,407	1,241
Other revenues	24,666	27,960
Investment income	32,459	48,096
Total other operating income	\$ 100,415	\$ 123,655

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J. Net Assets

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

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Detail of net assets:				
Operating funds	\$ 291,690	\$ 85,179	\$ -	\$ 376,869
Pledges	-	276,121	75,958	352,079
Postretirement and pension benefit obligations	(270,514)	-	-	(270,514)
Third-party charitable trusts	-	6,567	3,171	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	-	68,853	30,469	99,322
Endowment funds	1,249,243	2,805,331	1,439,630	5,494,204
Total net assets	\$ 1,524,144	\$ 3,384,711	\$ 1,549,228	\$ 6,458,083

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Detail of net assets:				
Operating funds	\$ 282,061	\$ 73,029	\$ -	\$ 355,090
Pledges	-	208,305	36,409	244,714
Postretirement and pension benefit obligations	(328,302)	-	-	(328,302)
Third-party charitable trusts	-	7,214	3,044	10,258
Facilities and capital	353,662	74,290	-	427,952
Interest rate swap agreements	(175,646)	-	-	(175,646)
Student loan funds	23,057	18,565	-	41,622
Other non-operating activities	73,825	21,176	-	95,001
Life income, annuity, and similar funds	-	60,810	30,377	91,187
Endowment funds	1,100,449	2,523,545	1,332,500	4,956,494
Total net assets	\$ 1,329,106	\$ 2,986,934	\$ 1,402,330	\$ 5,718,370

K. Commitments and Contingencies

Outstanding commitments on uncompleted construction contracts total \$32,412,000 at June 30, 2018.

Investment related commitments as of June 30, 2018 and 2017 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.

Dartmouth College
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

L. 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.

M. Restructuring Costs and Liability

During the year ended June 30, 2016, Dartmouth restructured a number of activities at the Geisel School of Medicine (Geisel) to address increasing financial constraints, to improve Geisel's education and research programs, and to align resources and support for these activities. These changes include: creation of a new department of Medical Education, reorganization of the Basic Science departments, and migration of the operations and fiscal responsibility for clinical academic activities from Dartmouth to Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital (operating jointly as "Dartmouth-Hitchcock"). Responsibility for the employment, finances, and operational support for clinical research programs, as well as the clinical practice of psychiatry, transferred from Geisel to Dartmouth-Hitchcock on July 1, 2016.

Accrued liabilities for estimated restructuring costs totaled \$9,490,000 and \$18,440,000 as of June 30, 2018 and 2017, respectively. Of these amounts \$6,915,000 and \$13,478,000 are reported in Accounts payable and other liabilities line and \$2,575,000 and \$4,962,000 are reported in the Pension and other employment related obligations line on the Consolidated Statement of Financial Position as of June 30, 2018 and 2017, respectively.

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 incurred \$5,140,000 in costs related to the environmental remediation of Rennie Farm and establishment of the VAP and accrued \$21,810,000 for estimated future costs of all remediation activities as well as an estimate of expenses of the VAP. Total environmental remediation and related expenses are reported as a separate line in the operating section of the Consolidated Statement of Activities and the accrued liabilities are reported in the accounts payable and other liabilities line in the Consolidated Statement of Financial Position. As of June 30, 2018, the accrual for estimated future remediation and VAP expenses was \$20,718,000. Actual future remediation and VAP expenses could differ from this amount.

Dartmouth College
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

O. Subsequent Events

For purposes of determining the effects of other subsequent events on these consolidated financial statements, management has evaluated events subsequent to June 30, 2018 and through October 24, 2018, the date on which the consolidated financial statements were issued, and has concluded that there were no other subsequent events requiring adjustment or disclosure.

Dartmouth College

Schedule of Expenditures and Federal Awards

Year Ended June 30, 2018

Federal Program	CFDA	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Research and Development Cluster							
DEPARTMENT OF AGRICULTURE							
National Institute of Food and Agriculture							
Agriculture and Food Research Initiative (AFRI)	10.310	\$ -	\$ 49,598	Michigan State University	RC104693A	\$ 49,598	\$ -
Agriculture and Food Research Initiative (AFRI)	10.310		11,113	Michigan State University	RC108063DM	11,113	
Agriculture and Food Research Initiative (AFRI)	10.310	297,558				297,558	28,117
Biomass Research and Development Initiative							
Competitive Grants Program (BRDI)	10.312	619,543				619,543	264,131
Sun Grant Program	10.320		45,877	Pennsylvania State University	5698-DC-SDSU-G640	45,877	
Forest Service							
Forestry Research	10.652		11,094	Northeastern States Research Cooperative	14-088	11,094	9,775
Forest Health Protection	10.680	39,957				39,957	
International Forestry Programs	10.684	35,052				35,052	
Natural Resources Conservation Service	10.RD	81,172				81,172	
Forest Service	10.RD	1,490				1,490	
		<u>1,074,771</u>	<u>117,683</u>			<u>1,192,454</u>	<u>302,023</u>
DEPARTMENT OF COMMERCE							
National Oceanic and Atmospheric Administration (NOAA)							
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432		6,277	University of New Hampshire	17-041	6,277	
			<u>6,277</u>			<u>6,277</u>	<u>-</u>
DEPARTMENT OF DEFENSE							
Department of the Navy, Office of the Chief of Naval Research							
Basic and Applied Scientific Research	12.300	1,766,625				1,766,625	453,132
Basic and Applied Scientific Research	12.300		1,084	Creare, LLC.	5599/PO#93542	1,084	
Basic and Applied Scientific Research	12.300		274,601	George Mason University	E203444-2/N00014-15-1-2007	274,601	
Basic and Applied Scientific Research	12.300		137,967	George Mason University	E203908-2	137,967	
Basic and Applied Scientific Research	12.300		84,698	Securboraton, Inc.	N/A	84,698	50,000
Basic and Applied Scientific Research	12.300		62,321	University of Maryland	52678-Z8619001 / N000141612735	62,321	
Basic and Applied Scientific Research	12.300		49,297	University of Maryland	53174-Z8641002	49,297	
Basic and Applied Scientific Research	12.300		113,640	University of Maryland	53891-Q1910101	113,640	
Basic and Applied Scientific Research	12.300		49,059	Virginia Polytechnic Institute & State University	450545-19715	49,059	13,485
U.S. Army Medical Command							
Military Medical Research and Development	12.420	1,310,717				1,310,717	7,726
Military Medical Research and Development	12.420		81,194	Creare, LLC.	80232	81,194	
U.S. Army Materiel Command							
Basic Scientific Research	12.431	342,541				342,541	
Basic Scientific Research	12.431		114,650	George Mason University	E2030472	114,650	
Basic Scientific Research	12.431		90,315	University of Maryland	54844-Z8424105	90,315	
Basic Scientific Research	12.431		77,491	University of Sydney	G174385	77,491	
Department of the Air Force, Materiel Command							
Air Force Defense Research Sciences Program	12.800	422,210				422,210	
Advanced Research Projects Agency							
Research and Technology Development	12.910	271,744				271,744	166,210
Research and Technology Development	12.910		173,655	California Institute of Technology	675A-1096880	173,655	
Research and Technology Development	12.910		72,969	Johns Hopkins University	2003638881	72,969	
Research and Technology Development	12.910		70,613	University of Pennsylvania	569456	70,613	
Research and Technology Development	12.910		108,046	University of Pennsylvania	569456/PR3872856	108,046	
Research and Technology Development	12.910		74,223	University of Pennsylvania	569456/PO #3951771	74,223	
Department of Defense							
Department of Defense	12.RD	316,436				316,436	
Department of Defense	12.RD		38,151	Creare, LLC.	74367	38,151	
Department of Defense	12.RD		55,673	Creare, LLC.	88959	55,673	
Department of Defense	12.RD		2,561	Creare, LLC.	5603/PO#93889	2,561	
Department of Defense	12.RD		8,438	Gallup, Inc.	D17PC00002-002	8,438	
Department of Defense	12.RD		278,553	Kitware, Inc.	K001892-00-501	278,553	
Department of Defense	12.RD		489,672	University of Notre Dame	208107DU	489,672	
		<u>4,430,274</u>	<u>2,508,871</u>			<u>6,939,144</u>	<u>690,552</u>

Dartmouth College

Schedule of Expenditures and Federal Awards

Year Ended June 30, 2018

Federal Program	CFDA	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
DEPARTMENT OF ENERGY							
Department of Energy							
Office of Science Financial Assistance Program	81.049	307,463				307,463	
Conservation Research and Development	81.086		5,422	Oak Ridge Institute for Science and Education (ORISE)	N/A	5,422	
Renewable Energy Research and Development	81.087	268,179				268,179	66,684
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		274,084	University of Illinois	078620-15704	274,084	
Advanced Research Projects Agency - Energy	81.135		87,891	Massachusetts Institute of Technology	104867	87,891	
Advanced Research Projects Agency - Energy	81.135		30,347	Ocean Renewable Power Company, LLC	SUB-16014	30,347	
Department of Energy	81.RD	35,000				35,000	
Department of Energy	81.RD		438,415	Battelle	4000115284	438,415	10,000
Department of Energy	81.RD		839,870	Battelle	4000158749	839,870	
		<u>610,642</u>	<u>1,676,028</u>			<u>2,286,670</u>	<u>76,684</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Food and Drug Administration							
Food and Drug Administration_Research	93.103	71,999				71,999	
Food and Drug Administration_Research	93.103		32,219	New England Pediatric Device Consortium	NEPDC-002	32,219	
		<u>71,999</u>	<u>32,219</u>			<u>104,218</u>	<u>-</u>
National Institutes of Health							
Environmental Health	93.113	1,397,241				1,397,241	163,424
Environmental Health	93.113		1,394	Brown University	00001008	1,394	
Environmental Health	93.113		86,045	Emory University	T701316	86,045	
Environmental Health	93.113		64,221	Emory University	T720029	64,221	
Environmental Health	93.113		69,282	University of Chicago	FP055589-A	69,282	
Environmental Health	93.113		25,548	University of Southern California	91798079/PO#5589513	25,548	
Oral Diseases and Disorders Research	93.121	437,894				437,894	41,593
NIH Superfund Hazardous Substances_Basic Research and Education	93.143	2,869,788				2,869,788	250,336
Research Related to Deafness and Communication Disorders	93.173	904,501				904,501	417,853
Research Related to Deafness and Communication Disorders	93.173		725	University of Utah	10041913-005/PO#U000121601	725	
Research and Training in Complementary and Integrative Health	93.213		19,569	Palmer College Foundation	12272	19,569	
Research and Training in Complementary and Integrative Health	93.213		10,100	University of Michigan	3003875908	10,100	
Mental Health Research Grants	93.242	6,952,966				6,952,966	1,780,386
Mental Health Research Grants	93.242		25,657	Boston University	4500001758	25,657	
Mental Health Research Grants	93.242		5,346	Boston University	4500001978	5,346	
Mental Health Research Grants	93.242		30,494	Boston University	4500002263	30,494	
Mental Health Research Grants	93.242		9,498	Boston University	4500002468	9,498	
Mental Health Research Grants	93.242		7,393	Center for Social Innovation	N/A	7,393	
Mental Health Research Grants	93.242		151	Cornell University	84084-11046	151	
Mental Health Research Grants	93.242		252,036	Princeton University	SUB0000203	252,036	
Mental Health Research Grants	93.242		32,993	University of Washington	UWSC9822	32,993	
Mental Health Research Grants	93.242		57,412	University of Washington	UWSC9866	57,412	
Mental Health Research Grants	93.242		51,095	Yale University	M16A12444(A10642)	51,095	
Alcohol Research Programs	93.273	1,300,673				1,300,673	37,275
Alcohol Research Programs	93.273		649	Stanford University	61528905-127851	649	
Drug Abuse and Addiction Research Programs	93.279	7,116,665				7,116,665	2,119,985
Drug Abuse and Addiction Research Programs	93.279		107,833	Baystate Medical Center	17-158	107,833	
Drug Abuse and Addiction Research Programs	93.279		41,954	HealthSim	N/A	41,954	
Drug Abuse and Addiction Research Programs	93.279		9,967	Johns Hopkins University	2003026709	9,967	
Drug Abuse and Addiction Research Programs	93.279		32,369	La Salle University	20160719	32,369	
Drug Abuse and Addiction Research Programs	93.279		217,505	New York University	15-AO-56-003671-01	217,505	
Drug Abuse and Addiction Research Programs	93.279		29,014	New York University	N/A	29,014	
Drug Abuse and Addiction Research Programs	93.279		31,396	Regents of the University of Minnesota	D005743901	31,396	
Drug Abuse and Addiction Research Programs	93.279		26,000	Westat, Inc.	8954	26,000	
Drug Abuse and Addiction Research Programs	93.279		(4,465)	Westat, Inc.	s8954	(4,465)	
Drug Abuse and Addiction Research Programs	93.279		37,633	Yale University	GR100725(CON-80000984)	37,633	

Dartmouth College

Schedule of Expenditures and Federal Awards

Year Ended June 30, 2018

Federal Program	CFDA	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	2,177,265				2,177,265	86,414
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		6,731	Massachusetts General Hospital	228196	6,731	
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		67,819	University of Massachusetts Memorial Medical Ctr	OSP2016198	67,819	
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		7,164	University of Massachusetts Memorial Medical Ctr	OSP2016200	7,164	
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		9,665	University of Massachusetts Memorial Medical Ctr	WA00526352/OSP2016200	9,665	
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		55,199	University of Massachusetts Memorial Medical Ctr	WA00536353/OSP2018198	55,199	
Trans-NIH Research Support	93.310	2,718,620				2,718,620	41,158
Trans-NIH Research Support	93.310		6,243	Duke University	203 7777	6,243	
Trans-NIH Research Support	93.310		20,286	University of Pittsburgh	0046532 (126064-3)	20,286	
Trans-NIH Research Support	93.310		9,431	University of Washington	UWSC8712/PO#BP012266	9,431	
National Center for Advancing Translational Sciences	93.350	2,218,134				2,218,134	(42,780)
National Center for Advancing Translational Sciences Research Infrastructure Programs	93.350	19,862	48,875	Harvard University	149749-5100776-5565	68,737	
	93.351	445,585				445,585	
				Memorial Sloan-Kettering Cancer Center (MSKCC)			
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353		15,204		8D523475	15,204	
Cancer Cause and Prevention Research	93.393	2,070,366				2,070,366	321,571
Cancer Cause and Prevention Research	93.393		19,299	Albert Einstein College of Medicine	PO#578555	19,299	
Cancer Cause and Prevention Research	93.393		271,015	Brigham & Women's Hospital	111048	271,015	
Cancer Cause and Prevention Research	93.393		41,847	CairnSurgical LLC	N/A	41,847	2,000
Cancer Cause and Prevention Research	93.393		55,836	Cedars-Sinai Medical Center	1400587	55,836	
Cancer Cause and Prevention Research	93.393		273,974	Doseoptics	N/A	273,974	
Cancer Cause and Prevention Research	93.393		21,482	Harvard University	150144.507561.0004	21,482	
Cancer Cause and Prevention Research	93.393		25,256	Kaiser Permanente Washington Health Research Institute	CA154292-05	25,256	25,256
Cancer Cause and Prevention Research	93.393		10	Kaiser Permanente Washington Health Research Institute	PO#2015175056	10	
Cancer Cause and Prevention Research	93.393		157,442	Massachusetts General Hospital	225634	157,442	25,530
Cancer Cause and Prevention Research	93.393		31,209	Massachusetts General Hospital	225638	31,209	
Cancer Cause and Prevention Research	93.393			Regents of the University of New Mexico, HSC	3RCQ4		
Cancer Cause and Prevention Research	93.393		206,759			206,759	
Cancer Cause and Prevention Research	93.393		260,888	University of California, Davis	201603696-01	260,888	
Cancer Cause and Prevention Research	93.393		5,946	University of California, Davis	201603696-01/A18-0177-5012	5,946	
Cancer Cause and Prevention Research	93.393		49,527	University of California, Davis	201603696-02	49,527	
Cancer Cause and Prevention Research	93.393		5,096	University of California, Davis	201603696-02/A18-0177-5011	5,096	
Cancer Cause and Prevention Research	93.393		34,386	University of California, San Francisco	10006sc	34,386	
Cancer Cause and Prevention Research	93.393		23,492	University of North Carolina at Chapel Hill	5033528	23,492	
Cancer Cause and Prevention Research	93.393		113,537	University of Texas, M D Anderson Cancer Center	3000991353	113,537	
Cancer Detection and Diagnosis Research	93.394	5,432,576				5,432,576	1,186,711
Cancer Detection and Diagnosis Research	93.394		144,306	Baylor College of Medicine	7000000631	144,306	
Cancer Detection and Diagnosis Research	93.394		168,289	Baylor College of Medicine	7000000632	168,289	
Cancer Detection and Diagnosis Research	93.394		320,151	Case Western Reserve University	RES512386	320,151	
Cancer Detection and Diagnosis Research	93.394		12,005	RyTek Medical, Inc.	N/A	12,005	
Cancer Detection and Diagnosis Research	93.394		30,117	University of California, Irvine	2014-3022	30,117	
Cancer Detection and Diagnosis Research	93.394		62,503	University of Michigan	3004034934	62,503	
Cancer Detection and Diagnosis Research	93.394		20,845	University of Michigan	PO#3005071343	20,845	
Cancer Detection and Diagnosis Research	93.394		79,136	University of Texas, San Antonio	162105/162104	79,136	
Cancer Treatment Research	93.395	1,780,247				1,780,247	
Cancer Treatment Research	93.395		36,196	Auburn University	17-PHAR-201318-DC	36,196	
Cancer Treatment Research	93.395		41,238	Brigham & Women's Hospital	110408	41,238	
Cancer Treatment Research	93.395		7,358	Brigham & Women's Hospital	NH012	7,358	
Cancer Treatment Research	93.395		82,914	Case Western Reserve University	RES512291	82,914	
Cancer Treatment Research	93.395		43,582	Children's Hospital of Philadelphia (CHOP)	COG PCR	43,582	
Cancer Treatment Research	93.395		30,316	ECOG-ACRIN Cancer Research Group	N/A	30,316	
Cancer Treatment Research	93.395		1,347	Fred Hutchinson Cancer Research Center	917515	1,347	

Dartmouth College
Schedule of Expenditures and Federal Awards
Year Ended June 30, 2018

Federal Program	CFDA	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Cancer Treatment Research	93.395		(3,446)	John Wayne Cancer Institute	MSLT-11	(3,446)	
Cancer Treatment Research	93.395		(49)	Massachusetts General Hospital	225634	(49)	
Cancer Treatment Research	93.395		51,517	Mayo Clinic	64029250	51,517	1,000
Cancer Treatment Research	93.395		29,880	Mayo Clinic	DAC-194321/PO#65520463	29,880	
Cancer Treatment Research	93.395		275,327	Mayo Clinic	DAR-222511	275,327	40,000
Cancer Treatment Research	93.395		195	National Childhood Cancer Foundation	15134	195	
Cancer Treatment Research	93.395		6,651	NE Scientific LLC Corporation	N/A	6,651	
Cancer Treatment Research	93.395		21,846	Ohio State University Research Foundation	60039916	21,846	
Cancer Treatment Research	93.395		25,189	Physical Sciences, Inc.	N/A	25,189	
Cancer Treatment Research	93.395		2,489	University of North Carolina at Chapel Hill	27469-34	2,489	
Cancer Biology Research	93.396	1,302,952				1,302,952	
Cancer Biology Research	93.396		51,154	Harvard University	113098-5093073	51,154	
Cancer Centers Support Grants	93.397	4,153,567				4,153,567	
Cancer Centers Support Grants	93.397		13,728	Health Research, Inc.-Roswell Park Division	244-01	13,728	
Cancer Centers Support Grants	93.397		9,691	University of Michigan	3002191972	9,691	
Cancer Research Manpower	93.398	632,280				632,280	
Cancer Control	93.399		6,363	Southwest Oncology Group	CA37429	6,363	
Cardiovascular Diseases Research	93.837	2,714,777				2,714,777	901,447
Cardiovascular Diseases Research	93.837		9,327	Brigham & Women's Hospital	1141174	9,327	
Cardiovascular Diseases Research	93.837		47,440	Duke University	179452	47,440	
Cardiovascular Diseases Research	93.837		14,848	Duke University	SPS #193938	14,848	
Cardiovascular Diseases Research	93.837		13,470	Icahn School of Medicine at Mount Sinai	0255-3100-4605	13,470	
Cardiovascular Diseases Research	93.837		30,703	New York University	SITE NO 001052	30,703	
Cardiovascular Diseases Research	93.837		17,336	Northeast Ohio Medical University	34520-A	17,336	
Cardiovascular Diseases Research	93.837		11,697	Seattle Children's Hospital Research Foundation	13505UB	11,697	
Cardiovascular Diseases Research	93.837		37,070	Vanderbilt University Medical Center	VUMC57248	37,070	
Lung Diseases Research	93.838	893,668				893,668	
Lung Diseases Research	93.838		965	University of Pittsburgh	9012549 (130129-44)	965	
Blood Diseases and Resources Research	93.839		9,640	Zata Pharmaceuticals, Inc.	N/A	9,640	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	1,485,213				1,485,213	118,402
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		26,185	Boston University	4500001443	26,185	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		1,145	Boston University	4500001924	1,145	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		7,084	Boston University	4500001926	7,084	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		2,034	Brigham & Women's Hospital	PS#113296	2,034	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		61,385	Celdara Medical, LLC.	N/A	61,385	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	968,665				968,665	416,395
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		59,355	Beth Israel Deaconess Medical Center	01027777	59,355	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		108,532	Brigham & Women's Hospital	114935	108,532	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		3,675	Brigham & Women's Hospital	N/A	3,675	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		23	Children's Hospital of Philadelphia (CHOP)	DK066174	23	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		19,667	Regents of the University of Minnesota	Regents of the University of Minnesota	19,667	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	2,786,551				2,786,551	524,782
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		8,217	EMMES Corporation	N/A	8,217	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		4,052	Mayo Clinic	DAR-187276	4,052	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		2,290	Mayo Clinic	DAR-224063	2,290	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		59,351	RyTek Medical, Inc.	N/A	59,351	

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Federal Program	CFDA	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Extramural Research Programs in the Neurosciences and							
Neurological Disorders	93.853		44,786	Worcester Polytechnic Institute	16-210950-01	44,786	
Allergy and Infectious Diseases Research	93.855	9,029,304				9,029,304	631,975
Allergy and Infectious Diseases Research	93.855		4,900	Johns Hopkins University	LDR 01 Mod 02	4,900	
Allergy and Infectious Diseases Research	93.855		1,298	Les Centres Gheskio	N/A	1,298	
Allergy and Infectious Diseases Research	93.855		41,090	Avatar Medical, LLC	N/A	41,090	
Allergy and Infectious Diseases Research	93.855		122	BIOMERE	N/A	122	
Allergy and Infectious Diseases Research	93.855		15,669	Case Western Reserve University	RES512301	15,669	
Allergy and Infectious Diseases Research	93.855		94,883	Childrens Hospital Boston	GENFD0001211211	94,883	
Allergy and Infectious Diseases Research	93.855		41,472	Childrens Hospital Boston	GENFD0001389984	41,472	
Allergy and Infectious Diseases Research	93.855		24,579	Children's Hospital Medical Center	RSTFD0000679396	24,579	
Allergy and Infectious Diseases Research	93.855		408,508	Duke University	2035380	408,508	
Allergy and Infectious Diseases Research	93.855		35,363	Georgetown University	412652_GR412560-DC	35,363	
Allergy and Infectious Diseases Research	93.855		7,641	Georgetown University	412970_GR412954-DC	7,641	
Allergy and Infectious Diseases Research	93.855		363,937	Harvard University	152519.5064964.0406	363,937	
Allergy and Infectious Diseases Research	93.855		24,298	Harvard University	152519.5085244.0409	24,298	
Allergy and Infectious Diseases Research	93.855		15,064	Les Centres Gheskio	N/A	15,064	
Allergy and Infectious Diseases Research	93.855		106,790	Lyticon,LLC	N/A	106,790	
Allergy and Infectious Diseases Research	93.855		43,270	Massachusetts General Hospital	229186	43,270	
Allergy and Infectious Diseases Research	93.855		107,539	Oregon Health & Science University (OHSU)	1011324-DARTMOUTH	107,539	
Allergy and Infectious Diseases Research	93.855		7,526	Profectus BioSciences, Inc.	18-172	7,526	
Allergy and Infectious Diseases Research	93.855		66,489	Tufts University	101507-00001	66,489	
Allergy and Infectious Diseases Research	93.855		131,490	University of California, San Francisco	8972sc	131,490	
Allergy and Infectious Diseases Research	93.855		1,444	University of Pittsburgh	0042268 (127887-2)	1,444	
Allergy and Infectious Diseases Research	93.855		36,421	Wasatch Microfluidics, Inc.	N/A	36,421	
Biomedical Research and Research Training	93.859	18,889,633				18,889,633	2,341,219
Biomedical Research and Research Training	93.859		175,533	Cornell University	83288-10943	175,533	
Biomedical Research and Research Training	93.859		93,104	Johns Hopkins University	2002228702	93,104	
Biomedical Research and Research Training	93.859		199,801	University of Washington	UWSC10108	199,801	
Child Health and Human Development Extramural Research	93.865	1,372,412				1,372,412	441,124
Child Health and Human Development Extramural Research	93.865		79	Boston Medical Center	3266	79	
Child Health and Human Development Extramural Research	93.865		353,286	Harvard University	152765.5094095.1405	353,286	
Child Health and Human Development Extramural Research	93.865		134,946	Simbex	SIMBEX-002	134,946	
Child Health and Human Development Extramural Research	93.865		71,971	Simbex	Simbex-003	71,971	
Child Health and Human Development Extramural Research	93.865		2,777	University of Arkansas for Medical Sciences	51460/PO#G180120656	2,777	
Child Health and Human Development Extramural Research	93.865		30,708	University of Arkansas for Medical Sciences	51460/PO#G180120669	30,708	
Child Health and Human Development Extramural Research	93.865		0	University of Texas, Dallas	1301522	0	
Aging Research	93.866	3,474,285				3,474,285	313,306
Aging Research	93.866		98,609	Brigham & Women's Hospital	115359	98,609	

Dartmouth College

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Year Ended June 30, 2018

Federal Program	CFDA	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Aging Research	93.866		19,988	Brigham & Women's Hospital	117969	19,988	
Aging Research	93.866		15,633	Brown University	0000996	15,633	
Aging Research	93.866		8,379	University of California, San Diego	96482360/59001873	8,379	
Aging Research	93.866		23,562	University of Maryland	5R00002920/101855A	23,562	
Aging Research	93.866		45,897	University of Michigan	3003576791	45,897	
Aging Research	93.866		41,455	Yale University	C16A12652(A10712)CON-80000911	41,455	
Vision Research	93.867	652,810				652,810	
Vision Research	93.867		8,195	New York University	106171	8,195	
Vision Research	93.867		12,662	University of Rochester	417219/URFAO GR510717	12,662	
Medical Library Assistance	93.879	1,176,605				1,176,605	
Medical Library Assistance	93.879		27,228	Harvard University	153063.5102790.0002	27,228	
International Research and Research Training	93.989	602,519				602,519	356,763
		<u>87,977,624</u>	<u>8,237,152</u>			<u>96,214,775</u>	<u>12,543,124</u>
Department of Health and Human Services							
Department of Health and Human Services	93.RD	288,855				288,855	
Department of Health and Human Services	93.RD		35,714	American College of Radiology	N/A	35,714	
Department of Health and Human Services	93.RD		9,158	Brigham & Women's Hospital	N/A	9,158	
Department of Health and Human Services	93.RD		707	Clinipace, Inc.	#2017-1/Project ID: CEP17171	707	
Department of Health and Human Services	93.RD		135,124	Creare, LLC.	83666	135,124	
Department of Health and Human Services	93.RD		6,808	Dana Farber Cancer Institute	UNIV OF CHICAGO	6,808	
Department of Health and Human Services	93.RD		31,176	Harvard University	N/A	31,176	
Department of Health and Human Services	93.RD		10,584	ICF Macro	13EDSK0109	10,584	
Department of Health and Human Services	93.RD		406,915	Leidos Biomedical Research, Inc.	16X233	406,915	
Department of Health and Human Services	93.RD		20,000	New England Research Institutes, Inc.	STUDY #FED14217	20,000	
Department of Health and Human Services	93.RD		(615)	NH Dept of Health & Human Services	1021329	(615)	
Department of Health and Human Services	93.RD		76,321	NH Div of Public Health Services	STNHFY18	76,321	
Department of Health and Human Services	93.RD		20,965	Northwestern University	60036745DC	20,965	
Department of Health and Human Services	93.RD		150,164	Pacific Northwest National Laboratory	330142	150,164	
Department of Health and Human Services	93.RD		15,000	Universidad Central Del Caribe	N/A	15,000	
Department of Health and Human Services	93.RD		93,753	University of Florida	UFDSP00010663	93,753	
Department of Health and Human Services	93.RD		83,249	University of Pittsburgh	0055852 (130841-1)	83,249	
Department of Health and Human Services	93.RD		37,611	University of South Florida	PO 000023148	37,611	
Department of Health and Human Services	93.RD		146,011	Westat, Inc.	6410	146,011	
		<u>288,855</u>	<u>1,278,645</u>			<u>1,567,500</u>	<u>-</u>
Office of the Secretary							
National Bioterrorism Hospital Preparedness Program	93.889		165,827	Bureau of Safety and Environmental Enforcement (BSEE)	E16PC00005	165,827	
National Bioterrorism Hospital Preparedness Program	93.889		18,562	NH Div of Public Health Services	STNHFY19	18,562	
		<u>-</u>	<u>184,389</u>			<u>184,389</u>	<u>-</u>
Administration for Community Living							
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	533,254				533,254	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433		6,335	Boston University	4500002776	6,335	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433		57,188	Brandeis University	403315	57,188	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433		14,230	Howard University	0008512-1000054351	14,230	
Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)	93.761	12,467				12,467	(214)
		<u>545,722</u>	<u>77,753</u>			<u>623,474</u>	<u>(214)</u>
Centers for Medicare and Medicaid Services							
ACA-Transforming Clinical Practice Initiatives: Practice Transformation Networks (PTNs)	93.638		29,746	Mayo Clinic	DAR-224244/PO #65623181	29,746	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	4,547				4,547	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		20,056	Harvard University	150172.5083655.0311	20,056	
		<u>4,547</u>	<u>49,801</u>			<u>54,348</u>	<u>-</u>

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Year Ended June 30, 2018

Federal Program	CFDA	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Centers for Disease Control and Prevention							
Centers for Research and Demonstration for Health Promotion and Disease	93.135	968,107				968,107	20,700
Centers for Disease Control and Prevention, Investigations and Technical Assistance	93.283		12,382	NH Div of Public Health Services	PO#1054230	12,382	
National Breast and Cervical Cancer Early Detection Program (NBCCEDP) - PPHF	93.752		666,495	NH Div of Public Health Services	PO#157442	666,495	
Assistance Programs for Chronic Disease Prevention and Control	93.945		31,153	University of California, Berkeley	00009000	31,153	
		<u>968,107</u>	<u>710,030</u>			<u>1,678,137</u>	<u>20,700</u>
Agency for Toxic Substances and Disease Registry							
Health Program for Toxic Substances and Disease Registry	93.161	371,819				371,819	143,330
		<u>371,819</u>	<u>-</u>			<u>371,819</u>	<u>143,330</u>
Agency for Healthcare Research and Quality							
Research on Healthcare Costs, Quality and Outcomes	93.226	4,355,207				4,355,207	783,574
Research on Healthcare Costs, Quality and Outcomes	93.226		123,040	Brigham & Women's Hospital	117961	123,040	
Research on Healthcare Costs, Quality and Outcomes	93.226		42,112	Harvard University	115390-5099016	42,112	
Research on Healthcare Costs, Quality and Outcomes	93.226		8,104	Harvard University	153161.5103030.0003	8,104	
Research on Healthcare Costs, Quality and Outcomes	93.226		10,460	University of Michigan	3004099454	10,460	
Research on Healthcare Costs, Quality and Outcomes	93.226		34,902	University of Michigan	3004171737	34,902	
Research on Healthcare Costs, Quality and Outcomes	93.226		14,242	University of Michigan	3004263157	14,242	
Research on Healthcare Costs, Quality and Outcomes	93.226		33,828	University of Pennsylvania	570280/PO 3690429	33,828	
Research on Healthcare Costs, Quality and Outcomes	93.226		34,116	University of Utah	10045701-01	34,116	
Research on Healthcare Costs, Quality and Outcomes	93.226		5,125	University of Utah	10045701-01 PO U000132181	5,125	
		<u>4,355,207</u>	<u>305,930</u>			<u>4,661,136</u>	<u>783,574</u>
DEPARTMENT OF JUSTICE							
National Institute of Justice							
National Institute of Justice Research, Evaluation, and Development	16.560		37,300	University of New Hampshire	15-019	37,300	
		<u>-</u>	<u>37,300</u>			<u>37,300</u>	<u>-</u>
DEPARTMENT OF THE INTERIOR							
U.S. Geological Survey							
Assistance to State Water Resources Research Institutes	15.805		74,362	University of New Hampshire	17-020	74,362	
National Park Service						-	
National Center for Preservation Technology and Training	15.923	18,953				18,953	
		<u>18,953</u>	<u>74,362</u>			<u>93,315</u>	<u>-</u>
ENVIRONMENTAL PROTECTION AGENCY							
Environmental Protection Agency							
Great Lakes Program	66.469		23,647	Loyola University Chicago	516995-Dartmouth College	23,647	
Office of Research and Development (ORD)							
Science To Achieve Results (STAR) Research Program	66.509	973,195				973,195	331,664
Science To Achieve Results (STAR) Research Program	66.509		1,307	University of Vermont	312205UB52556	1,307	
		<u>973,195</u>	<u>24,955</u>			<u>998,150</u>	<u>331,664</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES							
Institute of Museum and Library Services							
National Leadership Grants	45.312	3,068				3,068	
		<u>3,068</u>	<u>-</u>			<u>3,068</u>	<u>-</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
National Aeronautics and Space Administration							
National Aeronautics and Space Administration	43.000		(1,143)	University of New Hampshire	13-049	(1,143)	
Science	43.001	1,648,620				1,648,620	617,146
Science	43.001		9,464	Boston University	4500001613	9,464	
Science	43.001		77,079	California Institute of Technology	44A-1096597	77,079	
Science	43.001		37,500	Creare, LLC	89868	37,500	
Science	43.001		57,758	Massachusetts Institute of Technology	5710003372	57,758	
Science	43.001		17,375	Regents of the University of Minnesota	A004527201	17,375	
Science	43.001		36,216	Regents of the University of Minnesota	A005821703	36,216	

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Science	43.001		40,156	Smithsonian Astrophysical Observatory (SAO)	G07-18093X	40,156	
Science	43.001		58,515	Smithsonian Astrophysical Observatory (SAO)	G07-18130X	58,515	
Science	43.001		20,618	University of Alaska, Fairbanks	UAF 18-0027/PO #P0518694	20,618	
Science	43.001		26,061	University of Colorado-Boulder	1552473	26,061	
Science	43.001		24,874	University of Colorado-Boulder	1556053/PO #1000956866	24,874	
Science	43.001		32,288	University of Connecticut	91595	32,288	
Science	43.001		107,964	University of Iowa	W000726838	107,964	
Science	43.001		2,664	University of New Hampshire	14-085	2,664	
Aeronautics	43.002		1,964	National Space Biomedical Research Institute	CA03401	1,964	
Aeronautics	43.002		(13,168)	National Space Biomedical Research Institute	NBPF03801	(13,168)	
Space Operations	43.007	14,969				14,969	
Space Operations	43.007		376,074	University of New Hampshire	16-003	376,074	
Education	43.008		195,050	University of New Hampshire	16-015	195,050	
Education	43.008		54,627	University of New Hampshire	16-024	54,627	
Education	43.008		26,366	University of New Hampshire	16-059	26,366	
Education	43.008		83,292	University of Vermont	30373	83,292	
Space Telescope Science Institute	43.RD	51,978				51,978	
		<u>1,715,567</u>	<u>1,271,594</u>			<u>2,987,161</u>	<u>617,146</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES							
National Endowment for the Humanities							
Promotion of the Humanities_Division of Preservation and Access	45.149	7,734				7,734	
		<u>7,734</u>	<u>-</u>			<u>7,734</u>	<u>-</u>
NATIONAL SCIENCE FOUNDATION							
National Science Foundation							
Engineering Grants	47.041	1,030,818				1,030,818	93,185
Engineering Grants	47.041		23,590	Clarisond, Inc.	N/A	23,590	
Mathematical and Physical Sciences	47.049	2,045,614				2,045,614	
Geosciences	47.050	6,504,099				6,504,099	3,145,281
Geosciences	47.050		27,718	University of Louisiana at Lafayette	330091-01	27,718	
Computer and Information Science and Engineering	47.070	2,445,386				2,445,386	139,992
Biological Sciences	47.074	2,053,853				2,053,853	138,891
Biological Sciences	47.074		92,664	Cary Institute of Ecosystem Studies	3340/200201869	92,664	
Biological Sciences	47.074		76,259	University of Maryland, Baltimore County	16783	76,259	
Biological Sciences	47.074		(601)	University of North Carolina at Chapel Hill	5037375	(601)	
Biological Sciences	47.074		16,734	University of North Carolina at Chapel Hill	5106361	16,734	
Biological Sciences	47.074		148,572	University of Pennsylvania	567347/10052591/15276	148,572	
Biological Sciences	47.074		211,159	University of Wyoming	1003260A-DC	211,159	
Social, Behavioral, and Economic Sciences	47.075	514,005				514,005	17,100
Social, Behavioral, and Economic Sciences	47.075		20,490	University of Arkansas	5A1812194	20,490	
Social, Behavioral, and Economic Sciences	47.075		3,015	University of Texas, Austin	UTA15-001207	3,015	
Education and Human Resources	47.076	1,249,160				1,249,160	(820,694)
Education and Human Resources	47.076		21,979	Carthage College	30130-531-1	21,979	
Polar Programs	47.078	46,291				46,291	(12)
Office of International Science and Engineering	47.079		39,812	Oregon State University	51315A-F	39,812	
Office of Integrative Activities	47.083	1,159,900				1,159,900	555,672
National Science Foundation	47.RD		32,996	University of New Hampshire	12-044	32,996	
		<u>17,049,126</u>	<u>714,389</u>			<u>17,763,515</u>	<u>3,269,415</u>

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Year Ended June 30, 2018

Federal Program	CFDA	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
OFFICE OF PERSONNEL MANAGEMENT							
Office of Personnel Management							
Intergovernmental Personnel Act (IPA) Mobility Program	27.011	32,429				32,429	
Office of Personnel Management	27.RD	33,882				33,882	
		<u>66,311</u>	<u>-</u>			<u>66,311</u>	<u>-</u>
Total Research and Development Cluster		<u>120,533,520</u>	<u>17,307,376</u>			<u>137,840,896</u>	<u>18,777,998</u>
Other Sponsored Programs							
AGENCY FOR INTERNATIONAL DEVELOPMENT							
Agency for International Development							
USAID Foreign Assistance for Programs Overseas	98.001		1,703	World Learning for International Development	S04-AID-167-A-14-00001	1,703	
USAID Foreign Assistance for Programs Overseas	98.001		83,834	University Research Co., LLC	FY11-A08-7500	83,834	
		<u>-</u>	<u>85,537</u>			<u>85,537</u>	<u>-</u>
DEPARTMENT OF AGRICULTURE							
Natural Resources Conservation Service							
Wildlife Habitat Incentive Program	10.914	71,473				71,473	
		<u>71,473</u>	<u>-</u>			<u>71,473</u>	<u>-</u>
DEPARTMENT OF DEFENSE							
National Security Agency							
Mathematical Sciences Grants Program	12.901	3,946				3,946	
GenCyber Grants Program	12.903	47,800				47,800	
Advanced Research Projects Agency							
Research and Technology Development	12.910	135,651				135,651	
		<u>187,398</u>	<u>-</u>			<u>187,398</u>	<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Centers for Disease Control and Prevention							
Global AIDS	93.067		31,256	Muhimbili University of Health & Allied Sciences (MUHAS)	N/A	31,256	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		30,346	NH Dept of Health & Human Services	1032588	30,346	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		206,277	NH Dept of Health & Human Services	N/A	206,277	
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283		(83)	NH Div of Public Health Services	1031557	(83)	
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283		(627)	NH Div of Public Health Services	FY15	(627)	(627)
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283		16,902	NH Div of Public Health Services	N/A	16,902	7,307
Division of Blood Disorders - Prevention, Surveillance and Research	93.080		3,874	Childrens Hospital Boston	GENFD0001454847	3,874	
Food and Drug Administration							
Food and Drug Administration_ Research	93.103		133,614	Society for Vascular Surgery	15111825-05	133,614	
Health Education Assistance Loans							
Health Education Assistance Loans outstanding at July 1, 2017	93.108	57,117				57,117	
Health Resources and Services Administration							
Area Health Education Centers	93.107	240,347				240,347	185,223
Maternal and Child Health Federal Consolidated Programs	93.110	770,002				770,002	660,059
Emergency Medical Services for Children	93.127	171,449				171,449	
HIV-Related Training and Technical Assistance	93.145		(522)	University of Massachusetts, Worcester	OSP2016087	(522)	
HIV-Related Training and Technical Assistance	93.145		47,910	University of Massachusetts, Worcester	WA00640669/OSP2018011	47,910	
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	159,772				159,772	151,241
Disabilities Prevention	93.184		(801)	University of Massachusetts, Worcester	WA00523692/OSP2016138	(801)	

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National Research Service Award in Primary Care Medicine							
Medicine	93.186	196,274				196,274	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	237,648				237,648	215,342
PPHF Geriatric Education Centers	93.969	856,296				856,296	
		<u>2,688,905</u>	<u>468,145</u>			<u>3,157,050</u>	<u>1,218,546</u>
Substance Abuse and Mental Health Services Administration							
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	292,425				292,425	95,255
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243		218,583	VT Dept of Health	03420-A161065	218,583	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243		171,175	VT Dept of Health	03420-A181115	171,175	
		<u>292,425</u>	<u>389,757</u>			<u>682,183</u>	<u>95,255</u>
Centers for Medicare and Medicaid Services							
The Affordable Care Act Medicaid Incentives for Prevention of Chronic Disease Demonstration Project	93.536		6,634	University of Rochester	5-23462 416548	6,634	
Administration for Community Living							
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		947	University of New Hampshire	13-055D	947	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		3,461	University of New Hampshire	18-022	3,461	
Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)	93.761	173,259				173,259	
		<u>173,259</u>	<u>11,042</u>			<u>184,301</u>	<u>-</u>
Administration for Children and Families							
Adoption Opportunities	93.652	(942)				(942)	
Adoption Opportunities	93.652	323,322				323,322	
Adoption Opportunities	93.652		362,146	NH Dept of Health & Human Services	42100300	362,146	
		<u>322,381</u>	<u>362,146</u>			<u>684,527</u>	<u>-</u>
DEPARTMENT OF JUSTICE							
National Institute of Justice							
Criminal Justice Research and Development_Graduate Research Fellowships	16.562	24,106				24,106	
		<u>24,106</u>	<u>-</u>			<u>24,106</u>	<u>-</u>
DEPARTMENT OF STATE							
Bureau of Educational and Cultural Affairs							
Academic Exchange Programs - Undergraduate Programs	19.009		11,983	IREX	FY18-YALI-BE-Dartmouth-05	11,983	
Academic Exchange Programs - Undergraduate Programs	19.009		115,359	IREX	5-ECAGD-16-CA-1146	115,359	
		<u>-</u>	<u>127,342</u>			<u>127,342</u>	<u>-</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES							
Institute of Museum and Library Services							
Museums for America	45.301	21,681				21,681	
		<u>21,681</u>	<u>-</u>			<u>21,681</u>	<u>-</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
National Aeronautics and Space Administration							
Education	43.008	54,903				54,903	
		<u>54,903</u>	<u>-</u>			<u>54,903</u>	<u>-</u>
NATIONAL ENDOWMENT FOR THE ARTS							
National Endowment for the Arts							
Promotion of the Arts_Grants to Organizations and Individuals	45.024	45,286				45,286	
Promotion of the Arts_Partnership Agreements	45.025		2,500	New England Foundation for the Arts	N/A	2,500	
		<u>45,286</u>	<u>2,500</u>			<u>47,786</u>	<u>-</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES							
National Endowment for the Humanities							
Promotion of the Humanities_Office of Digital Humanities	45.169	91,643				91,643	
		<u>91,643</u>	<u>-</u>			<u>91,643</u>	<u>-</u>

Dartmouth College
Schedule of Expenditures and Federal Awards
Year Ended June 30, 2018

Federal Program	CFDA	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
OFFICE OF PERSONNEL MANAGEMENT							
Office of Personnel Management							
Intergovernmental Personnel Act (IPA) Mobility Program	27.011	497,418				497,418	
Intergovernmental Personnel Act (IPA) Mobility Program	27.011		33,412	Veterans Educ & Resrch Assoc of New England (VERANNE)	N/A	33,412	
Intergovernmental Personnel Act (IPA) Mobility Program	27.011		23,023	Veterans Medical Research Foundation (VMRF)	405D84001/VA241-17-D-0044	23,023	
		<u>497,418</u>	<u>56,435</u>			<u>553,853</u>	<u>-</u>
Total Other Sponsored Programs		<u>4,470,879</u>	<u>1,502,905</u>			<u>5,973,783</u>	<u>1,313,801</u>
Student Financial Assistance Program Cluster							
DEPARTMENT OF EDUCATION							
Federal Pell Grant Program	84.063	3,044,063				3,044,063	
Federal Supplemental Educational Opportunity Grants	84.007	799,883				799,883	
Federal Work Study Program	84.033	1,017,408				1,017,408	
Federal Perkins Loan							
Outstanding loans as of July 1, 2017	84.038	20,927,375				20,927,375	
New loans issued during 2018	84.038	638,457				638,457	
Administrative cost allowance	84.038	146,975				146,975	
Federal Direct Student Loans	84.268	34,887,597				34,887,597	
Total Student Financial Assistance Program Cluster		<u>61,461,758</u>	<u>-</u>			<u>61,461,758</u>	<u>-</u>
Highway Safety Cluster							
DEPARTMENT OF TRANSPORTATION							
National Highway Traffic Safety Administration (NHTSA)							
State and Community Highway Safety	20.600		72,291	NH Highway Safety Agency	304-175001	72,291	
State and Community Highway Safety	20.600		45,728	NH Highway Safety Agency	304-175-002	45,728	
State and Community Highway Safety	20.600		44,668	NH Highway Safety Agency	304-175-003	44,668	
State and Community Highway Safety	20.600		112,862	NH Highway Safety Agency	304-185-001	112,862	
State and Community Highway Safety	20.600		85,992	NH Highway Safety Agency	304-185-003	85,992	
National Priority Safety Programs	20.616		51,013	NH Highway Safety Agency	304-185-002	51,013	
Total Highway Safety Cluster		<u>-</u>	<u>412,553</u>			<u>412,553</u>	<u>-</u>
Total Federal Award Expenditures		<u>\$ 186,466,156</u>	<u>\$ 19,222,833</u>			<u>\$ 205,688,990</u>	<u>\$ 20,091,799</u>

Dartmouth College
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) summarizes the expenditures of Dartmouth College and subsidiaries (“Dartmouth College”) under federal government programs for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Uniform Guidance, *Audits of States, Local Governments and Nonprofit Organizations*. Negative amounts on the Schedule represent adjustments to expenditures reported in the prior year. The Schedule includes Catalog of Federal Domestic Assistance (CFDA) and pass-through award numbers when available.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between Dartmouth College and agencies and departments of the federal government and all subawards to Dartmouth College by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

2. Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures for direct and indirect costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the OMB Uniform Guidance, *Cost Principles for Educational Institutions*, and the regulations of the specific programs. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

3. Facilities and Administrative Costs

Dartmouth College recovers facilities and administrative (F&A) costs associated with research and development pursuant to arrangements negotiated with the Department of Health and Human Services (DHHS). Dartmouth College submitted an indirect cost proposal in the fall of 2015 for negotiated rates that became effective on April 5, 2016. Dartmouth College applies its predetermined approved facilities & administrative rate when charging indirect costs to federal awards rather than the 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance. Dartmouth’s F&A cost rate for fiscal year 2018 is 62% for on-campus research.

4. Federal Student Loan Programs

Federal direct loans are issued by the U.S. Department of Education directly to students and their parents. The balances and transactions related to these loans are not included in financial statements. Loans made to eligible students and parents under federal student loan programs during the year ended June 30, 2018 are included in the Schedule of Federal Expenditures above.

The Federal Perkins loans (Perkins) are administered and serviced directly by Dartmouth College. In addition, Dartmouth College continues to service Health Education Assistance Loans (HEAL), which were issued in previous years. Balances and transactions relating to these loans are included in the financial statements.

The balances outstanding on these loans at June 30, 2018 are as follows:

Perkins – 84.038	\$17,732,432
HEAL – 93.108	39,298
	<u>\$17,771,730</u>



Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of Dartmouth College:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Dartmouth College and its subsidiaries ("Dartmouth College"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statement of activities, statement of operating expenses and statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dartmouth College's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dartmouth College's internal control. Accordingly, we do not express an opinion on the effectiveness of Dartmouth College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dartmouth College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PriceWaterhouseCoopers LLP

Boston, MA
October 24, 2018



Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance

To the Board of Trustees at Dartmouth College:

Report on Compliance for Each Major Federal Program

We have audited Dartmouth College and its subsidiaries' ("Dartmouth College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Dartmouth College's major federal programs for the year ended June 30, 2018. Dartmouth College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Dartmouth College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dartmouth College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Dartmouth College's compliance.

Opinion on Each Major Federal Program

In our opinion, Dartmouth College and its subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Dartmouth College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dartmouth College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for



the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dartmouth College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PricewaterhouseCoopers LLP

Boston, MA
January 11, 2019

Dartmouth College
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes none reported
- Noncompliance material to financial statements noted? ___ yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes none reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

___ yes no

**Identification of major programs:
CFDA Number(s)**

Name of Federal Program or Cluster

Various
Various

Research and Development Cluster
Student Financial Assistance Program
Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

yes no

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Dartmouth College
Summary Schedule of Prior Audit Findings
June 30, 2018

There are no findings from prior years that require an update in this report.