

GODDARD COLLEGE CORPORATION

FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

GODDARD COLLEGE CORPORATION
AUDIT REPORT
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JUNE 30, 2014 AND 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Goddard College Corporation
Plainfield, Vermont 05667

We have audited the accompanying financial statements of Goddard College Corporation (a nonprofit Corporation), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Goddard College Corporation as of June 30, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

O Brian Halliday Rogness, CPA, P.C.

Lic. No. 92-0000260

Rutland, Vermont
September 22, 2014

Goddard College Corporation
Statement of Financial Position
June 30, 2014

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>
Current Assets:				
Cash and Cash Equivalents - Note 2	\$ 1,855,284	\$ 205,263	\$ -	\$ 2,060,547
Cash - Board Designated Endowment	154,435	-	-	154,435
Restricted Cash - Note 2	-	-	32,406	32,406
Tuition Receivable - Note 3	114,475	-	-	114,475
Perkins Student Loans - Current Portion - Note 4	-	-	36,000	36,000
Other Student Loans - Current Portion - Note 4	-	-	-	-
Inventories	39,810	-	-	39,810
Prepaid Expenses	211,066	-	-	211,066
Other Receivables	16,948	54,963	-	71,911
Accrued Interest Receivable	-	-	22,479	22,479
Investments - Notes 5 & 17	114,613	-	-	114,613
Total Current Assets	2,506,631	260,226	90,885	2,857,742
Non-Current Assets:				
Investments - Notes 5 & 17	545,161	-	429,998	975,159
Perkins Student Loans - Long-Term Portion - Note 4	-	-	334,628	334,628
Other Student Loans - Long-Term Portion - Note 4	-	-	-	-
Property, Plant and Equipment (Net of Accumulated Depreciation) - Notes 6 & 8	4,167,494	-	-	4,167,494
TOTAL ASSETS	\$ 7,219,286	\$ 260,226	\$ 855,511	\$ 8,335,023
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 96,347	\$ -	\$ -	\$ 96,347
Accrued Liabilities	311,470	-	-	311,470
Deferred Revenue - Note 7	988,573	-	-	988,573
Total Current Liabilities	1,396,390	-	-	1,396,390
Non-Current Liabilities:				
Notes Payable - Note 8	4,873	-	-	4,873
Refundable Advances - U.S. Government - Note 9	-	-	361,773	361,773
Total Non-Current Liabilities	4,873	-	361,773	366,646
Total Liabilities	1,401,263	-	361,773	1,763,036
Net Assets:				
Unrestricted:				
Net Investment in Plant	4,162,621	-	-	4,162,621
Designated for Endowment	699,596	-	-	699,596
General Unrestricted	955,806	-	-	955,806
Total Unrestricted	5,818,023	-	-	5,818,023
Temporarily Restricted - Note 10	-	260,226	-	260,226
Permanently Restricted - Note 10	-	-	493,738	493,738
Total Net Assets	5,818,023	260,226	493,738	6,571,987
TOTAL LIABILITIES AND NET ASSETS	\$ 7,219,286	\$ 260,226	\$ 855,511	\$ 8,335,023

The Accompanying Notes are an Integral Part of these Financial Statements.

Goddard College Corporation
Statement of Financial Position
June 30, 2013

Exhibit A

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>
Current Assets:				
Cash and Cash Equivalents - Note 2	\$ 1,977,099	\$ 196,368	\$ -	\$ 2,173,467
Cash - Board Designated Endowment	184,492	-	-	184,492
Restricted Cash - Note 2	-	-	51,049	51,049
Tuition Receivable - Note 3	90,821	-	-	90,821
Perkins Student Loans - Current Portion - Note 4	-	-	36,000	36,000
Other Student Loans - Current Portion - Note 4	1,000	-	-	1,000
Inventories	55,033	-	-	55,033
Prepaid Expenses	331,214	-	-	331,214
Other Receivables	5,548	-	-	5,548
Accrued Interest Receivable	-	-	18,159	18,159
Investments - Notes 5 & 17	110,517	-	-	110,517
Total Current Assets	2,755,724	196,368	105,208	3,057,300
Non-Current Assets:				
Investments - Notes 5 & 17	407,058	1,661	418,978	827,697
Perkins Student Loans - Long-Term Portion - Note 4	-	-	314,841	314,841
Other Student Loans - Long-Term Portion - Note 4	755	-	-	755
Property, Plant and Equipment (Net of Accumulated Depreciation) - Notes 6 & 8	4,287,329	-	-	4,287,329
TOTAL ASSETS	\$ 7,450,866	\$ 198,029	\$ 839,027	\$ 8,487,922
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 123,235	\$ -	\$ -	\$ 123,235
Accrued Liabilities	331,496	-	-	331,496
Deferred Revenue - Note 7	887,298	-	-	887,298
Total Current Liabilities	1,342,029	-	-	1,342,029
Non-Current Liabilities:				
Notes Payable - Note 8	4,873	-	-	4,873
Refundable Advances - U.S. Government - Note 9	-	-	361,773	361,773
Total Non-Current Liabilities	4,873	-	361,773	366,646
Total Liabilities	1,346,902	-	361,773	1,708,675
Net Assets:				
Unrestricted:				
Net Investment in Plant	4,282,456	-	-	4,282,456
Designated for Endowment	593,211	-	-	593,211
General Unrestricted	1,228,297	-	-	1,228,297
Total Unrestricted	6,103,964	-	-	6,103,964
Temporarily Restricted - Note 10	-	198,029	-	198,029
Permanently Restricted - Note 10	-	-	477,254	477,254
Total Net Assets	6,103,964	198,029	477,254	6,779,247
TOTAL LIABILITIES AND NET ASSETS	\$ 7,450,866	\$ 198,029	\$ 839,027	\$ 8,487,922

The Accompanying Notes are an Integral Part of these Financial Statements.

Goddard College Corporation
Statement of Activities
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Tuition and Fees Revenue:				
Tuition and Fees	\$ 9,566,480	\$ -	\$ -	\$ 9,566,480
Room and Board Fees-Auxiliary	929,836	-	-	929,836
Less Scholarships and Awards - Note 11	(928,234)	-	-	(928,234)
Net Tuition and Fees Revenue	<u>9,568,082</u>	<u>-</u>	<u>-</u>	<u>9,568,082</u>
Other Revenue, Gains and Other Support:				
Investment Income - Note 5	156,842	-	-	156,842
Federal Aid Programs	636,965	-	-	636,965
Gifts and Grants	165,397	413,392	11,020	589,809
Auxiliary Enterprises	222,827	2,326	-	225,153
Student Loan Interest	-	-	7,684	7,684
Other Income	49,684	10,542	306	60,532
Satisfaction of Program Restrictions and Loan Loss Reserves - Note 12	365,441	(364,063)	(1,378)	-
Total Other Revenue, Gains and Other Support	<u>1,597,156</u>	<u>62,197</u>	<u>17,632</u>	<u>1,676,985</u>
Total Revenue	<u>11,165,238</u>	<u>62,197</u>	<u>17,632</u>	<u>11,245,067</u>
Expenses:				
Educational Program Services:				
Instruction	4,270,913	-	-	4,270,913
Public Service	243,079	-	-	243,079
Student Services	1,456,169	-	-	1,456,169
Auxiliary Enterprises	853,775	-	-	853,775
Total Educational Program Services	<u>6,823,936</u>	<u>-</u>	<u>-</u>	<u>6,823,936</u>
Supporting Services:				
Academic Support	1,016,939	-	-	1,016,939
Institutional Support	3,611,452	-	-	3,611,452
Total Supporting Services	<u>4,628,391</u>	<u>-</u>	<u>-</u>	<u>4,628,391</u>
Total Expenses	<u>11,452,327</u>	<u>-</u>	<u>-</u>	<u>11,452,327</u>
Changes in Net Assets from Operations	(287,089)	62,197	17,632	(207,260)
Non-Operating Activities:				
Redesignations Between Net Asset Categories - Note 12	1,148	-	(1,148)	-
Total Non-Operating Activities	<u>1,148</u>	<u>-</u>	<u>(1,148)</u>	<u>-</u>
Net Assets - Beginning of Year	<u>6,103,964</u>	<u>198,029</u>	<u>477,254</u>	<u>6,779,247</u>
Net Assets - End of Year	<u>\$ 5,818,023</u>	<u>\$ 260,226</u>	<u>\$ 493,738</u>	<u>\$ 6,571,987</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

Goddard College Corporation
Statement of Activities
For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue:				
Tuition and Fees Revenue:				
Tuition and Fees	\$ 10,396,349	\$ -	\$ -	\$ 10,396,349
Room and Board Fees-Auxiliary	985,512	-	-	985,512
Less Scholarships and Awards - Note 11	<u>(977,670)</u>	<u>-</u>	<u>-</u>	<u>(977,670)</u>
Net Tuition and Fees Revenue	<u>10,404,191</u>	<u>-</u>	<u>-</u>	<u>10,404,191</u>
Other Revenue, Gains and Other Support:				
Investment Income - Note 5	149,539	448	2,000	151,987
Federal Aid Programs	723,684	-	-	723,684
Gifts and Grants	312,659	207,671	13,910	534,240
Auxiliary Enterprises	133,769	-	-	133,769
Student Loan Interest	1,847	-	6,521	8,368
Other Income	56,658	25,838	1,665	84,161
Satisfaction of Program Restrictions and Loan Loss Reserves - Note 12	<u>288,709</u>	<u>(286,195)</u>	<u>(2,514)</u>	<u>-</u>
Total Other Revenue, Gains and Other Support	<u>1,666,865</u>	<u>(52,238)</u>	<u>21,582</u>	<u>1,636,209</u>
Total Revenue	<u>12,071,056</u>	<u>(52,238)</u>	<u>21,582</u>	<u>12,040,400</u>
Expenses:				
Educational Program Services:				
Instruction	4,561,254	-	-	4,561,254
Public Service	244,338	-	-	244,338
Student Services	1,574,093	-	-	1,574,093
Auxiliary Enterprises	871,642	-	-	871,642
Total Educational Program Services	<u>7,251,327</u>	<u>-</u>	<u>-</u>	<u>7,251,327</u>
Supporting Services:				
Academic Support	1,152,607	-	-	1,152,607
Institutional Support	3,955,034	-	-	3,955,034
Total Supporting Services	<u>5,107,641</u>	<u>-</u>	<u>-</u>	<u>5,107,641</u>
Total Expenses	<u>12,358,968</u>	<u>-</u>	<u>-</u>	<u>12,358,968</u>
Changes in Net Assets from Operations	<u>(287,912)</u>	<u>(52,238)</u>	<u>21,582</u>	<u>(318,568)</u>
Net Assets - Beginning of Year	<u>6,391,876</u>	<u>250,267</u>	<u>455,672</u>	<u>7,097,815</u>
Net Assets - End of Year	<u>\$ 6,103,964</u>	<u>\$ 198,029</u>	<u>\$ 477,254</u>	<u>\$ 6,779,247</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

Goddard College Corporation
Statements of Cash Flows
For the Years Ended June 30,

	<u>2014</u>	<u>2013</u>
Increase (Decrease) in Cash:		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (207,260)	\$ (318,568)
Add: Items Providing Cash or Not Requiring Cash:		
Depreciation Expense	369,232	403,043
Loss on sale of assets	-	1,831
Decrease in Tuition Receivable	-	20,111
Decrease in Student Loans Receivable	1,755	156
Decrease in Other Receivables	-	2,464
Decrease in Prepaid Expenses	120,148	5,560
Decrease in Inventories	15,223	-
Increase in Deferred Revenue	101,275	-
Increase in Allowance for Doubtful Accounts	1,671	-
Items Requiring Cash or Not Providing Cash:		
Unrealized Gains on Investments	(101,383)	(106,010)
Gain on Disposal of Assets	(1,951)	-
Increase in Tuition Receivable	(25,325)	-
Increase in Inventories	-	(14,427)
Increase in Perkins Loans Receivable	(19,787)	(20,268)
Increase in Other Receivables	(66,363)	-
Increase in Accrued Interest Receivable	(4,320)	(2,320)
Decrease in Accounts Payable	(26,888)	(9,369)
Decrease in Accrued Liabilities	(20,026)	(92,440)
Decrease in Deferred Revenue	-	(201,534)
Net Cash Provided (Used) by Operating Activities	<u>136,001</u>	<u>(331,771)</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(46,306)	(6,282)
Investment Income Retained in Investment Accts.	(3,869)	(9,301)
Proceeds from Sale of Investments	-	830,431
Proceeds from Sale of Fixed Assets	3,449	987
Purchase of Property, Plant, and Equipment	<u>(250,895)</u>	<u>(259,428)</u>
Net Cash (Used) Provided by Investing Activities	<u>(297,621)</u>	<u>556,407</u>
(Decrease) Increase in Cash	(161,620)	224,636
Cash - Beginning of Year	<u>2,409,008</u>	<u>2,184,372</u>
Cash - End of Year	<u>\$ 2,247,388</u>	<u>\$ 2,409,008</u>

Supplemental Cash Flow Information:

Total interest paid was \$134 and \$132 in 2014 and 2013, respectively.

The Accompanying Notes are an Integral Part of these Financial Statements.

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 1 Summary of Significant Accounting Policies

Nature of Organization

Goddard College is a non-profit corporation established in 1938 and incorporated in the State of Vermont. It is an accredited institution of higher education providing both undergraduate and graduate degrees. The College is located in Plainfield, Vermont, has a site in Port Townsend, Washington, and a satellite site in Seattle, Washington.

Basis of Accounting

The College prepares its financial statements in accordance with U.S. generally accepted accounting principles utilizing the accrual basis of accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Basis of Presentation

The College reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are defined as follows:

Unrestricted Net Assets

These assets result from contributions and other inflows which have no restrictions and over which the Board of Trustees retains full control to use in achieving any of its institutional purposes.

Temporarily Restricted Net Assets

These assets result from contributions and other inflows of assets whose use by the College is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the College.

Permanently Restricted Net Assets

These assets result from contributions restricted to funding scholarships, loans and loan loss allowances in perpetuity.

Presentation

The 2013 financial statements have been changed to conform to the 2014 presentation.

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 1 Summary of Significant Accounting Policies - (Continued)

Recognition of Revenue

Tuition is recognized as revenue on a prorated basis based on the number of days in a session.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor imposed restrictions.

Income Taxes

Goddard College Corporation is a non-profit Vermont corporation and a tax exempt educational facility under Internal Revenue Code Section 501(c)(3) and is not a private foundation. As such, the College is exempt from income tax on its exempt function income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the College and recognize a tax liability (or asset) if the College has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the plan, and has concluded that as of June 30, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The College is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2009.

Functional Expenses

Expenses are reported on the statements of activities in two (2) categories. The College's primary program service, Educational Program Services includes academic programs, public services, student services and auxiliary enterprises. All other functions are considered supporting services and have been categorized as academic support and institutional support.

Expenses associated with the operation and maintenance of the College plant assets, including interest and depreciation expense are included in the institutional support functional category.

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three (3) months of the date acquired.

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 1 Summary of Significant Accounting Policies - (Continued)

Investments

Marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position with the exception of the Certificate of Deposit portfolio which is listed at full value with the assumption that they are held to maturity. Unrealized gains and losses are included in revenue. Investments received by gift are recorded at market value at the date of acquisition.

Allowance for Doubtful Accounts

Goddard College Corporation uses the allowance method for uncollectable. The College has allowances for accounts and loans receivable.

The Collection

The collection, which consists of library books, periodicals and related material, was acquired through purchases and contributions since the College's inception and is not recognized as an asset on the statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as decreases in temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected in the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

Inventories

Inventories consist of campus stores and kitchen supplies and postage. Inventory is valued at cost using the first-in/first-out (FIFO) method for the campus stores and the inventory for the kitchen is valued using the suppliers pricing on the date the inventory is finalized and the postage is valued on a cash basis.

Use of Estimates

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

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 1 Summary of Significant Accounting Policies - (Continued)

Concentrations

Goddard College Corporation derives its revenue primarily from tuition.

Property, Plant and Equipment

Property, plant and equipment are stated at cost at the date of acquisition and are being depreciated using the straight-line method over their estimated useful and economic lives, which range from 5 to 83 years. Contributions of property, plant and equipment are recorded at their estimated current value at the date of the gift.

Expenditures for new construction, major renewals and replacements costing over \$1,000 are capitalized. Equipment and fixtures costing over \$500 are capitalized. Contributions of long-lived assets or contributions restricted for acquisition of long-lived assets are reported as increases in temporarily restricted net assets. Restrictions are considered met, and an appropriate amount reclassified to unrestricted net assets, over the useful life of the long-lived assets as calculated by the College's depreciation policy.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and short-term investments approximate fair value because of the short maturity of those financial instruments. The carrying amounts (which are fair value) of long-term investments are based on values provided by an external investment manager which are quoted market values.

A reasonable estimate of the fair value of the loans to students under government loan programs and U.S. government loan funds refundable could not be made because the notes receivable are not stable and can only be assigned to the U.S. government or its designees; the fair value of notes receivable from students under College loan programs approximates carrying value.

The College records the value of donated services and materials when there is an objective basis available to measure their value. Donated services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. During 2014 and 2013 the College received donated service or materials of \$5,200 and \$35,822, respectively.

GODDARD COLLEGE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014 AND 2013

Note 1 Summary of Significant Accounting Policies - (Continued)

Donated Services and Materials

A substantial number of unpaid volunteers have made significant contributions of their time to benefit the radio station mission. No amounts have been reflected in the statements for donated services for these because they did not meet the criteria for recognition under U.S. GAAP, Accounting for Contributions Received and Contributions Made.

Date of Management Review

Management have evaluated for subsequent events through September 22, 2014, the date the financial statements were available to be issued.

Note 2 Cash and Cash Equivalents

	2014		2013	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Insured - FDIC	\$ 38,687	\$ 38,110	\$ 129,439	\$ 120,989
Uninsured, Collateralized by Bank	2,160,280	2,180,949	2,274,619	2,233,969
Cash on Hand	48,421	-	4,950	-
Total	\$2,247,388	\$2,219,059	\$2,409,008	\$2,354,958

The difference between the book and the bank balance are reconciling items such as outstanding checks and deposits in transit.

Restricted cash represents amounts restricted for student loans from Federal loan funds received. As required by the Federal Perkins Loan Program, a separate cash account is maintained for the Perkins Loan Program funds.

The College has a repurchase agreement with People's United Bank which is collateralized by a pool of U.S. Government Agencies or U.S. Treasury Notes held at the Federal Reserve Bank of Boston.

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 3 Tuition Receivable

	2014	2013
Tuition Receivable	\$ 196,146	\$ 170,821
Allowance for Doubtful Accounts	(80,000)	(80,000)
Allowance for Goddard Loan Bad Debts	(1,671)	-
Net Tuition Receivable	\$ 114,475	\$ 90,821

Delinquent accounts are sent to a collection agency. Receivables are written off only after all efforts at collection have been attempted. The allowance for doubtful accounts is based on receivables considered by the College to have a low likelihood of being collected.

During fiscal year 2014, the College merged all of its institutional loans to students into the Accounts Receivable system that they utilize to better track the balances of the loans. The loans are now part of the tuition receivable balance. The allowance taken against these loans is now part of the allowance for the Tuition Receivable balance.

Loans can enter non-accrual status or deferment if forbearance is granted for financial hardships, poor health or other acceptable reasons. The allowance for doubtful accounts is based on loans considered by the College to have a low likelihood of being collected. The remaining loans receivable consist of loans that are either in repayment or have not gone into repayment.

Note 4 Perkins Student Loans

	2014	2013
Perkins Loan Receivable	\$ 370,628	\$ 350,841
Less: Current Portion	(36,000)	(36,000)
Long-Term Portion	\$ 334,628	\$ 314,841

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 4 Perkins Student Loans - continued

Perkins loans are charged five percent (5%) annual interest beginning at the end of a student's nine (9) month grace period. The term of these loans can extend up to ten (10) years. All interest earned is reinvested into the Perkins loan program. Receivables are considered in default when they are more than one hundred twenty (120) days past due. The balances of loans receivable in default at June 30, 2014 and June 30, 2013 included in Perkins Loans Receivable are \$100,410 and \$91,453, respectively.

Loans can enter non-accrual status or deferment if forbearance is granted for financial hardships, poor health or other acceptable reasons. There is no allowance for doubtful Perkins loans as an offsetting liability is recorded.

Note 5 Investments and Fair Value Measurements

The following are the fair value of assets measured on a recurring basis at June 30,:

	<u>2014</u>	<u>2013</u>
People's Financial Advisors CD Portfolio	\$ 5,120	\$ 4,307
Northfield Savings CD	108,389	106,211
Sentinel Gov't Securities Fund	207,475	206,587
Ariel Mutual Funds – Appreciation	297,006	235,957
Sentinel Sustainable Growth	221,045	180,076
Sentinel Sustainable Core	173,758	143,624
Sentinel International Equity Fund	75,875	61,452
GE Stock	<u>1,104</u>	<u>-</u>
Total	<u>\$1,089,772</u>	<u>\$ 938,214</u>

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 5 Investments and Fair Value Measurements – (Continued)

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

All of the College's cash and investments are considered Level 1 and were valued using unadjusted quoted prices in active markets that were accessible at the measurement date for identical, unrestricted assets.

Total investment earnings for the year ended June 30, consisted of the following:

	2014	2013
Interest and Dividends	\$ 15,153	\$ 38,802
Net Realized and Unrealized Gain	141,689	113,185
Total Gain on Investments	\$ 156,842	\$ 151,987

The College considers all non-endowed investments available for operations. As of June 30, the total available investments for operations were \$114,613 and \$110,517, respectively. During 2013, certificates of deposit matured and the funds were not reinvested. See Note 17 regarding long-term investments.

Note 6 Property, Plant and Equipment

Property, plant and equipment are stated at cost on the date of acquisition or at fair market value on the date of donation.

The lives and depreciation methods are as follows:

	Method	Lives
Land Improvements	SL	5-25 Years
Buildings and Improvements	SL	5-83 Years
Vehicles	SL	10 Years
Equipment	SL	5-30 Years

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 6 Property, Plant and Equipment – (Continued)

Property, plant and equipment were as follows at June 30:

	2014		
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 7,053	\$ -	\$ 7,053
Land Improvements	606,534	363,782	242,752
Buildings and Improvements	7,332,756	4,647,873	2,684,883
Vehicles and Equipment	1,570,053	1,129,719	440,334
Construction in Progress	792,472	-	792,472
	<u>\$10,308,868</u>	<u>\$ 6,141,374</u>	<u>\$ 4,167,494</u>

Total depreciation expense for 2014 is \$369,232

The construction in progress contains \$673,034 for the Biomass project, which is currently in legal proceedings. If the College is unable to continue with this project, the construction in progress will be written off.

	2013		
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 7,053	\$ -	\$ 7,053
Land Improvements	606,534	336,879	269,655
Buildings and Improvements	7,205,322	4,430,766	2,774,556
Vehicles and Equipment	1,731,455	1,226,414	505,041
Construction in Progress	731,024	-	731,024
	<u>\$10,281,388</u>	<u>\$ 5,994,059</u>	<u>\$ 4,287,329</u>

Total depreciation expense for 2013 is \$403,043

Note 7 Deferred Revenue

Deferred revenue consists of prepaid tuition and fees payments and unearned tuition and fees for the low residency individualized masters program.

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 8 Notes Payable and Line of Credit

	2014	2013
<p>Vermont Economic Development Authority - VEDA Prime less .25% with a minimum rate in first two years of 2.5% interest; Accrued interest payments due Monthly through December 31, 2012. The loan has not been drawn on as the wood ship boiler that the loan is to pay for is in litigation. Once the loan is drawn on, the principal and interest payments will be \$4,237.47 and it will mature in January, 2031. Secured by Woodchip Boiler Building; \$799,670 available for drawdown as the Project progresses. If litigation is not favorable to the College, the loan will not be drawn on.</p>	<p style="margin-top: 400px;"><u>\$ 4,873</u></p>	<p style="margin-top: 400px;"><u>\$ 4,873</u></p>
Total	4,873	4,873
Less: Current Portion	(4,873)	(4,873)
Long-Term Portion	\$ -	\$ -

Maturities of long-term debt for years ending after June 30, 2014 are as follows:

2015 - 2031	<u><u>\$4,873</u></u>
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Note 9 Refundable Advances

Refundable Advances - U.S. Government represents Perkins/NDSL Loan Funds due back to the U.S. Government. These balances are the Federal capital contributions received by the College to run the Perkins program. The liability at June 30, 2014 and 2013 is \$361,773. Generally accepted accounting principles for Colleges recognize this amount as a liability. However, should the College ever elect to discontinue the Perkins program; Federal regulations require certain calculations that could result in a much larger amount to be returned to the U.S. Department of Education.

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 10 Restricted Net Assets

The restricted net assets consist of the following at June 30:

	Temporarily Restricted	Permanently Restricted
Scholarships	\$ -	\$ 429,997
Non-Federal Restricted	260,226	
Loan Funds - Perkins	-	63,741
Total	\$ 260,226	\$ 493,738
2013		
	Temporarily Restricted	Permanently Restricted
Scholarships	\$ 1,661	\$ 418,978
Non-Federal Restricted	196,368	
Loan Funds - Perkins	-	57,128
Total	\$ 198,029	\$ 476,106

Note 11 Scholarships and Awards

Scholarships and awards consist of the following:

	2014	2013
Federal PELL Awards	\$ 549,486	\$ 635,830
CIC Tuition Exchange	109,169	103,939
Federal SEOG	87,479	87,854
Scholarships	40,809	62,307
Other School Awards	141,291	87,740
Total	\$ 928,234	\$ 977,670

The College provides Perkins loans to students. Perkins Loans of \$68,859 and \$68,816 were provided in 2014 and 2013, respectively. Staff Benefit Waiver amounts for 2014 and 2013 for Staff Tuition Waiver were \$135,094 and \$106,072, respectively.

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 12 Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes specified by donors/grantors or by releases by the donors.

	2014	2013
Donor Imposed Restrictions Have		
Been Fulfilled	\$ 365,441	\$ 288,709

During fiscal year 2014, there was a \$1,148 reclassification from Permanently Restricted Net Assets to Unrestricted Net Assets.

Note 13 Operating Leases

During fiscal year 2014, the College entered into a lease agreement with Pitney Bowes for a postage meter for \$60,960 to be paid in 20 quarterly payments and Everbank for \$13,410 to be paid in 60 monthly payments. During fiscal year 2012, the College entered into a lease agreement with GE Capital to replace the IKON copier lease for a total of \$212,138 to be paid in sixty (60) monthly installments. During fiscal 2009, the College entered into a lease agreement with US Bank for a Xerox copier for \$11,430 this lease was extended 3 months and expired in 2014.

Future minimum lease payments under these leases for the years ending after June 30, 2014 are as follows:

2015	\$ 57,342
2016	57,342
2017	25,491
2018	14,874
2019	284
Total	\$ 155,333

The lease payments made during the years ending June 30, 2014 and 2013 were \$58,895 and \$58,320, respectively.

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 14 Retirement Contributions

Goddard College is presently a member of the Teachers Insurance and Annuity Association (TIAA) offered by the College Retirement Equities Fund (CREF). Employees are eligible to participate in the plan upon completion of one year of service and attaining age twenty-one. Employees who elect to participate in this defined contribution plan have a minimum of five percent (5%) withheld from their pay. The College's contribution is equal to five percent (5%) of salary for each employee in the plan. Total payroll was \$6,713,172 and \$7,395,937 for 2014 and 2013, respectively. Total covered payroll was \$4,047,484 and \$4,230,733 for 2014 and 2013, respectively. Pension expense was \$202,374 and \$211,537 for 2014 and 2013, respectively.

Note 15 Fundraising Expenses

For the years ended June 30, 2014 and 2013, the College incurred expenses related to fund-raising amounting to \$409,113 and \$439,976, respectively. Such amounts are included in institutional support expenses in the accompanying statement of activities.

Note 16 Related Party

The following is a summary of related party transactions and balances as of and for the year ended June 30:

	2014	2013
Revenue from Gifts Given by Members of the Board of Trustees	\$ 79,096	\$ 163,927
Consulting Services Performed by a Trustee Owned Company	\$ 1,423	\$ 5,319

Note 17 Endowment

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

Goddard College has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring prudent investment on all endowment funds absent explicit donor stipulations. As a result of the interpretation, the College classifies as permanently restricted net assets (a) the original value of the gifts donated to permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations is

GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Note 17 Endowment – (Continued)

added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards and procedure of the UPMIFA.

The Goddard College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income to programs supported by its endowment while maintaining the purchasing power of the endowment assets. As such, the primary long-term investment objective of the Endowment is to attain an average annual real return of at least 6% measured over a rolling five year period. To satisfy its long-term rate-of-return objectives, The College relies on a total return strategy in which investment return is achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College's spending will average no more than 5% of the trailing twelve-quarter average market value of the Endowment.

2014 Endowment net asset composition by Type of Fund

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 429,998	\$ 429,998
Board-designated endowment funds	<u>699,596</u>	<u>-</u>	<u>-</u>	<u>699,596</u>
Total Funds	<u>\$ 699,596</u>	<u>\$ -</u>	<u>\$ 429,998</u>	<u>\$ 1,129,594</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2013	\$ 593,211	\$ 1,661	\$ 418,978	\$ 1,013,850
Investment return:				
Investment income	6,932	-	-	6,932
net depreciation (realized and unrealized)	<u>140,530</u>	<u>-</u>	<u>-</u>	<u>140,530</u>
Total investment return	147,462	-	-	147,462
Contributions	-	-	11,020	11,020
Appropriation of endowment assets for expenditure	<u>(41,077)</u>	<u>(1,661)</u>	<u>-</u>	<u>(42,738)</u>
Endowment net assets June 30, 2014	<u>\$ 699,596</u>	<u>\$ -</u>	<u>\$ 429,998</u>	<u>\$ 1,129,594</u>

**GODDARD COLLEGE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Note 17 **Endowment – (Continued)**

2013 Endowment net asset composition by Type of Fund

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,661	\$ 418,978	\$ 420,639
Board-designated endowment funds	593,211	-	-	593,211
Total Funds	\$ 593,211	\$ 1,661	\$ 418,978	\$ 1,013,850
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2012	\$ 515,860	\$ 1,213	\$ 405,068	\$ 922,141
Investment return:				
Investment income	6,282	448	2,000	8,730
net depreciation (realized and unrealized)	113,176	-	-	113,176
Total investment return	119,458	448	2,000	121,906
Contributions	-	-	13,910	13,910
Appropriation of endowment assets for expenditure	(42,107)	-	(2,000)	(44,107)
Endowment net assets June 30, 2013	\$ 593,211	\$ 1,661	\$ 418,978	\$ 1,013,850

Note 18 **Vermont Community Foundation**

Goddard College is the beneficiary of a fund established at and controlled by the Vermont Community Foundation. Annually, the College receives distributions from the fund based on a percentage of the underlying fund balance. The purpose of the funds is at the discretion of the College. The amounts received during the years ending June 30, 2014 and 2013 were \$23,536 and \$19,340, respectively and are reflected as unrestricted gifts.

Note 19 **Concentration**

The College receives a substantial amount of its revenue for educational services provided to students in Vermont. The College has incurred enrollment declines over the recent years which has contributed to its operating losses. Management is currently working on a plan to increase enrollment along with controlling expenditures.

Note 19 Concentration - (Continued)

The College is a party to a collective bargaining agreement (union contract) for the faculty. The collective bargaining agreement has expired, but is currently working under the expired contract as the College negotiates with the faculty union for a new collective bargaining agreement. The staff of the College has also unionized and the College is currently in negotiations with the staff, however, there is no collective bargaining agreement (union contract) with the staff as of June 30, 2014.

Note 20 Contingencies

The College is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, except for the wood chip boiler litigation noted in footnote 6, the ultimate disposition will not have a material adverse effect on the College's financial statements.