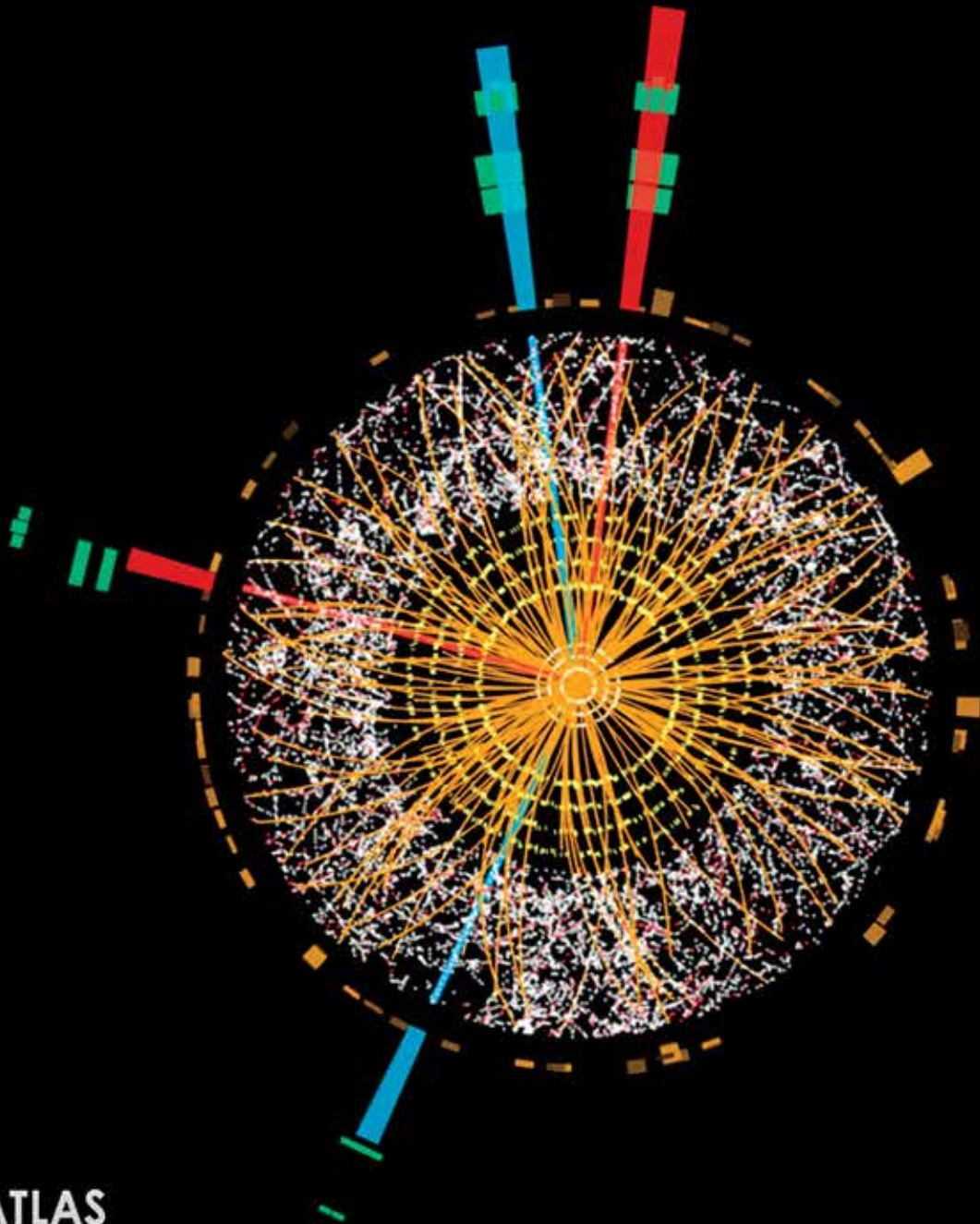


ANNUAL REPORT 2012/13

Vassar

WORLD CHANGING



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On the cover: The discovery of the Higgs boson, sometimes referred to as the “God particle,” was one of the top news stories of the year — and a Vassar alumna was involved (see page 12). During the 2012/13 fiscal year, Vassar continued to be a world changing institution in a wide variety of ways, large and small. This report examines some of those stories.



A MESSAGE FROM THE PRESIDENT



IN MANY WAYS, FOR VASSAR the most significant news of fiscal year 2012/13 was the completion of the *Vassar 150: World Changing* campaign. That ambitious fundraising effort started eight years ago with a goal of raising \$400 million to support the College's highest priorities, and it concluded on the last day of the fiscal year, having raised more than \$431 million, impressively surpassing its goal (page 4). We are profoundly grateful to the hundreds of volunteers and thousands of donors whose hard work and generosity made this success possible.

As we continually emphasized throughout the campaign, while achieving a numerical goal is undeniably important, the stories behind the numbers — how those resources have allowed, and are allowing, us to support and sustain Vassar's superb liberal arts education — are what give them true meaning. And as this report demonstrates, "world changing" is much more than a good title for a successful fundraising effort that happened to coincide with the College's sesquicentennial celebration. Vassar is in fact a "world changing" institution in every sense, every day of every year.

Our "world changers" include faculty, students and alumnae/i. Their achievements can range from the key part played by a Vassar graduate in what has been called "one of the most significant scientific discoveries of the

new century" (page 12), to a Vassar student's role in changing perceptions in a distant land about people with disabilities (page 15), to a Vassar faculty member's research that sheds light on the previously neglected history of a pivotal period in anyone's life, childhood (page 14). And the responses both on and off campus by alumnae/i, students and the entire community to a demonstration that sought to condemn our policies of inclusiveness became, in and of themselves, a source of great pride (page 8).

Important changes are taking place within the world that is Vassar's campus, as well. The admission of the first Vassar Veterans Posse (page 6) brings to campus young men and women who already have made a difference to their country and have demonstrated their willingness to serve others, risking their very lives in the process. This pioneering effort to extend the opportunity for a top-quality liberal arts education, so central to the College's mission since the days of Matthew Vassar, to military veterans of America's recent wars underscores our commitment to diversity and to educating young women and men who will make a difference to our nation.

I hope you will find these and all of the other stories in this report both interesting and illuminating, as we continue to aspire to changing our world for the better.

A handwritten signature in black ink that reads "Cath B. Hill". The signature is fluid and cursive, written in a professional but personal style.

CATHARINE B. HILL
President, Vassar College



A MESSAGE FROM THE
**CHAIR OF THE
BOARD OF TRUSTEES**

THE FISCAL YEAR that ended June 30, 2013 was a time when many of Vassar College's recent initiatives came to fruition worthy of celebration, but it was also a time for careful planning of the College's future.

Among the accomplishments, the *Vassar 150: World Changing* campaign came to a spectacular close, exceeding its \$400 million goal by more than \$30 million, and the Annual Fund broke through our longtime goal of \$10 million, in both cases thanks to so many of you. The College commenced construction on the Integrated Science Center, successfully sold \$87 million in bonds to support that effort, and completed the renovation of Swift Hall. We also welcomed our first Veterans Posse to campus. The 12.2 percent return on Vassar's endowment was very good, and in excess of our average return of approximately 9.5 percent over the past 20 years. We also filled several important administrative positions, appointing a new Vice President

of Finance and Administration (Bob Walton), a new Chief Information Officer (Michael Cato), and a new head of the Career Development Office (Stacy Bingham) — and successfully implemented a combined Office of Alumnae/i Affairs and Development. And while the Board of Trustees saw the retirement of several long-serving members, we welcomed six new Trustees, from the classes of the '60s, '70s, '80s and, at last, the '90s and '00s, to our membership.

Our commitment to Matthew Vassar's ideal that no student should be denied a Vassar education due to lack of means remains strong, and we devoted almost \$60 million to support that commitment. With more than 59 percent of our students receiving some form of financial aid from the College, and despite the success of the campaign in raising money for scholarships (77 endowed named scholarships were created), financial aid continues to be a fast-growing component of our operating budget, and our support of that commitment is a continuing challenge.

Similarly, while last year's endowment returns were very good, the College has adopted a plan to bring the annual endowment draw that supports the College's operations, which has necessarily been higher in recent years owing to the worldwide economic slowdown, down to more sustainable levels.

As this report well illustrates, while we continued to address the challenges facing the College, its students, faculty and alumnae/i continued to make extraordinary and unique contributions that change the world.

Our ongoing success on so many fronts would not be possible without our wonderful faculty, our administration led so capably by President Hill, and all of those who support the College through their donations and contributions. For that, my fellow Trustees and I remain, as always, both in awe and extremely grateful.

A handwritten signature in black ink, reading "William A. Plapinger". The signature is written in a cursive, flowing style.

WILLIAM A. PLAPINGER '74, P'10
Chair, Vassar College Board of Trustees



VASSAR COLLEGE decisively surpassed the \$400 million goal of its *Vassar 150: World Changing* fundraising campaign, with a grand total of \$431,456,710 in gifts and pledges received as of the campaign's conclusion on June 30, 2013. A total of 31,698 individuals and organizations donated to the College during the eight-year campaign.

Thanks to this success, a number of critical institutional priorities are being addressed. Among the highest is the creation, currently underway, of an Integrated Science Center that combines construction of a new 80,000-square-foot teaching and research building (the largest on campus since the original Main Building in the 1860s) and renovation of three existing buildings. Moreover, the campaign results enable Vassar to sustain and augment a financial aid program that already is considered a leader nationwide.

“As gratifying as it is to reach and exceed a numerical target, it is the meaning of those numbers that is so important,” said Vassar President Catharine Hill. “This incredible outpouring of support makes possible the superb liberal arts education,

GREAT EXPECTATIONS, EXCEEDED

A CAMPAIGN'S SUCCESSFUL CONCLUSION



The extraordinary volunteer leadership of Campaign Chair Barbara Manfrey Vogelstein '76 and Vice Chairs Patricia Parton Rosenwald '56 and Missie Rennie Taylor '68 was an element essential to the success of the *Vassar 150: World Changing* campaign.



Work is already underway at the site of the planned “bridge building” (inset, left) that will anchor the new Integrated Science Center.

encompassing the humanities, social and natural sciences and the arts, that our College has offered its students since the days of Matthew Vassar. It’s a great day for Vassar to move forward into the future.”

Support for the campaign, which had its public launch in 2011 to coincide with the sesquicentennial of the College’s founding, came from across a wide spectrum of Vassar alumnae and alumni, from classes of the 1930s through the 2010s, as well as family members, friends, foundations and government agencies, in gifts ranging from eight figures to less than a dollar. Several of the largest gifts were made anonymously.

Further highlights of the campaign include:

- \$80.5 million was raised for scholarships and financial aid, including 77 new named scholarships. \$73.8 million of this total was designated for scholarship endowment, which is significant because interest earned from the endowment provides a lasting source of funds for Vassar’s financial aid program. Moreover, this amount represents almost half of the

overall \$164.8 million that was raised during the campaign and directed to Vassar’s endowment.

- \$44 million was raised for faculty and academic support, including more than \$25 million given for endowed academic, technology, library and faculty funds, including the creation of 5 new endowed faculty chairs.
- \$82 million was raised for capital improvements. Most notably, \$46 million was raised for the Integrated Science Center. Construction on the centerpiece of the project, a new “bridge building” designed by Ennead Architects that will span a ravine between the central and south parts of the campus, is due to be completed during the 2015/2016 academic year. The overall project, which also includes substantial renovations to three existing buildings (Sanders Physics, New England and Olmsted), is intended to facilitate interdisciplinary scientific study while bringing the quality of Vassar’s science facilities up to the same high standards as the College’s science curriculum and research.

- \$35 million was raised for other important capital projects, such as renovations of Kenyon and Swift Halls (the latter the renewed home of the History Department) and the Wimpfheimer Nursery School, as well as the outdoor athletic complex at Prentiss Field. Also, major landscaping projects have taken place, or soon will, at Blodgett and Skinner Halls, and the top of Commencement Hill.
- \$77.7 million in overall unrestricted support was given to Vassar’s Annual Fund.

As William A. Plapinger ’74, Chair of the Board of Trustees, and Barbara M. Vogelstein ’76, Campaign Chair, commented in announcing the results to Vassar’s constituency, “Our first priority is to say thank you to every Vassar alumna/us, parent and friend who played a role in this remarkable achievement. All of these figures are a wonderful tribute to every donor, no matter the size of her or his gift.

“In keeping with the campaign’s name,” they added, “such extraordinary generosity has changed, and is changing, the world of our students and our faculty on a daily basis.”

AN ARMY OF SCHOLARS

VASSAR WELCOMES ITS FIRST VETERANS POSSE

IN SOME WAYS, they were typical incoming freshmen, excited about launching their college careers and a bit anxious about their ability to adapt to new surroundings. But in many other ways, the 11 military veterans who joined Vassar's Class of 2017 through a new partnership with the Posse Foundation are quite different from the other 657 members of their class. Although some would not have met Vassar's exacting academic standards when they graduated from high school, all have achieved success since then, both in and out of military life. Most have served in Iraq or Afghanistan, often in positions of leadership, and some have been seriously wounded.

The veterans were selected after undergoing a rigorous screening process through the Posse Foundation, a New York City-based organization. For more than two decades, Posse has helped top colleges and universities enroll thousands of talented public high school graduates who might have been overlooked by traditional admissions processes, and helped those students to attain academic success by placing

them in supportive, multicultural teams or "posses," usually of 10 students. In 2012, Vassar became the first college in the country to work with the Posse Foundation on identifying qualified military veterans.

Vassar President Catharine Hill initiated the five-year partnership with Posse after noting the low number of recent veterans who have applied to top colleges and universities in the United States. She says she conceived the idea to form the partnership with Posse because she believes Vassar and other prestigious colleges have an obligation to reach out to veterans and increase their numbers on campus.

"We began planning for this more than two years ago, and it's exciting they've finally arrived and are taking classes and engaging in other activities on campus," Hill said. "We are a nonprofit institution that receives benefits from the federal government, and these veterans have assumed a huge responsibility for our country, so it seems to me we have an obligation as an institution to do this."

A team of administrators, including Hill, Dean of Admission David Borus, Dean of the Faculty Jonathan Chenette, and Dean of the College Christopher Roellke, interviewed 25 applicants for the inaugural Vassar posse — five more than initially planned — with the intention of admitting 10 as students. But, as Hill said, "so outstanding were the candidates" that they ultimately chose 11. The eight men and three women, ages 26 to 35, who have served in the Army, the Marine Corps, and the Air Force in the United States and Middle East, "will bring a new and important perspective to life on the Vassar campus," she added.

The foundation's partner schools award Posse Scholars four-year, full-tuition leadership scholarships. Similarly, through the Veterans Posse Program, each Veterans Posse Scholar will attend tuition-free, through a combination of the College's scholarship aid and G.I. Bill benefits, and the students will continue to receive support through graduation. The selection process for the Vassar Veterans Posse in the Class of 2018 is already underway.

Vassar's inaugural Veterans Posse with College administrators: (front row) Eduardo de la Torre, Jacqueline Stowell, Joshua Ridley, Jack Eubanks; (back row) Acting President Jonathan Chenette, Anuradha Datta, Fernando Braga, Karlene Williams, Jonathan Wood, David Carrell, Patrick Hood, Carl Callender, Dean of Freshmen Benjamin Lotto, President Catharine Hill, Dean of Admission David Borus, and Board of Trustees Chair William A. Plapinger '74.



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 FINANCIAL TIMES INSIDE HIGHER ED THE CHRONICLE
 THE WASHINGTON POST OF HIGHER EDUCATION
 The New York Times
 THE WALL STREET JOURNAL. USA TODAY

President Catharine Hill



A NATIONAL VOICE

**VASSAR MAKES THE NEWS,
 AGAIN AND AGAIN**

WHILE A SCHOOL of Vassar's prominence can make headlines any given year, the 2012/2013 fiscal year saw a pronounced upsurge in media coverage of the College. Indeed, from the august pages of national newspapers such as the *New York Times*, the *Wall Street Journal* and the *Washington Post* to highly influential online media outlets such as the *Huffington Post*, Vassar's name suddenly seemed at times to be everywhere.

With the College setting an example through its financial aid programs, and President Catharine Hill emerging as a nationally recognized expert on the economics of higher education, the intertwined issues of access to and affordability of higher education were most responsible for Vassar's higher media profile. Just after the fiscal year ended, on July 30, 2013, the *New York Times* published a front-page, above-the-fold article titled "Efforts to Recruit Poor Students Lag at Some Elite Colleges," which began,

With affirmative action under attack and economic mobility feared to be stagnating, top colleges profess a growing commitment to recruiting poor students. But a comparison of

low-income enrollment shows wide disparities among the most competitive private colleges. A student at Vassar, for example, is three times as likely to receive a need-based Pell Grant as one at Washington University in St. Louis.

"It's a question of how serious you are about it," said Catharine Bond Hill, the president of Vassar. She said of colleges with multibillion-dollar endowments and numerous tax exemptions that recruit few poor students, "Shame on you."

The article marked a culmination of coverage that dated back to November and December of 2012. During that relatively brief period, President Hill was quoted or had writings published about the economics of higher education and need-blind admissions policies in *USA Today*, the *New York Times*, the *Huffington Post* and the *Washington Post*. Over the next several months, the online *Financial Times* "Economists' Forum" and National Public Radio's *Marketplace* were added to that list.

In addition, in April the *New York Times* published online commentary from President Hill about the "college scorecard," a White House initiative

aimed at providing more effective information for prospective students and their families to compare schools; and in June, she was quoted by the *Huffington Post* about the *Fisher v. University of Texas* decision, in which the U.S. Supreme Court addressed affirmative action in higher education.

Two stories covered elsewhere in this annual report also factored in increased media attention to Vassar. One was the targeting of Vassar by the Westboro Baptist Church (pages 8-9), which drew widespread, concentrated coverage near the date of the February 28 event. On the other hand, the College's first Veterans Posse (opposite page) garnered notice throughout the year, sometimes with mention of Vassar's ongoing exchange program with West Point, from the *Huffington Post*, *Inside Higher Ed*, the *Chronicle of Higher Education*, the *Wall Street Journal* (an op-ed titled "Top Colleges, Please Recruit More Veterans") and the *New York Times* (a letter from President Hill about the cultural gap between civilians and the military, which cited both the Posse program and the Vassar-West Point projects as ways to address the problem).



Pastor Joseph Tolton '89 gives a rousing speech to hundreds of students, employees, parents, alumnae/i, and local residents rallying on campus in a counter-protest celebrating Vassar's commitment to inclusiveness.

STANDING TALL AGAINST HATE

**AN UNEXPECTED TEST OF VALUES
UNITES THE COLLEGE COMMUNITY**



IN EARLY FEBRUARY 2013, the Westboro Baptist Church (WBC) of Topeka, Kansas, which has achieved nationwide notoriety for picketing the funerals of servicemembers and victims of hate crimes, among many others, announced that its members would come to Vassar on February 28 to protest the College's support for its lesbian, gay, bisexual and transgender (LGBT) students, faculty, staff and alumnae/i. According to the Westboro website, "God Hates Vassar College for following the satanic Zeitgeist by professing the soul-damning lie that it is 'OK to be gay.'"

The response from Vassar was as swift as it was multifaceted. In a letter to the entire Vassar constituency, Acting President Jonathan Chenette wrote, "[W]e look forward as a college to any opportunity to counter messages of hate and bigotry and to underscore our values. Since the campus and alumnae/i became aware of Westboro's plan, we have received an outpouring of

support for reaffirming our commitment to inclusion. ... The responses from members of our community, while not surprising, have been remarkable and have made all of us who have read them proud to be part of Vassar.

“In the face of Westboro’s statements, we want to celebrate the inclusiveness of our community and the multitude of backgrounds, interests, and preferences that enrich our experiences. In an effort to coordinate activities that members of the campus and alumnae/i communities are planning, the senior staff of the College has organized a group representative of students, faculty, staff, and alumnae/i to serve as a clearinghouse and sounding board. I know they will foster an array of events that will speak powerfully to our values.”

Simultaneously, students formed Do Something VC, a group aimed at encouraging inclusion and raising funds

for social justice efforts on campus and in the local community. And perhaps most astonishingly, alumnus Josh de Leeuw ’08 quickly created a crowd-sourced funding campaign as another form of peaceful counter-protest that, within a month, raised more than \$100,000 for the Trevor Project, which provides suicide-prevention services to lesbian, gay, bisexual, transgender, and questioning youth. This creative response and the unexpected outpouring of support that followed (de Leeuw’s original goal was \$4,500, or a hundred dollars for every minute of the planned WBC demonstration) drew considerable nationwide media attention.

On February 28 — as four members of the WBC protested down the street from Vassar’s gates — hundreds of members of the campus community and supporters from outside the campus attended a rally near Taylor Gate that had been organized by Do Something

VC to celebrate the values of inclusion and diversity. During the event, Pastor Joseph Tolton ’89, national minister of global justice at the Fellowship of Affirming Ministries in New York City, urged LGBTQ students to “Be strong in the face of adversity. You are not second-class citizens. Your sexuality and your gender identity are not burdens — they are blessings.” Student speakers encouraged Vassar to view the situation as an opportunity for reflection on its own campus climate, and musical groups sang songs of togetherness. To cap the celebration, counter-protesters linked hands around Main Building, the “heart” of the campus.

More than 7,500 viewers tuned in to watch the event live on the alumnae/i Hub website. The following day’s headline in the *Poughkeepsie Journal* summed up the entire chain of events by declaring, “Hateful church’s bid backfires.”

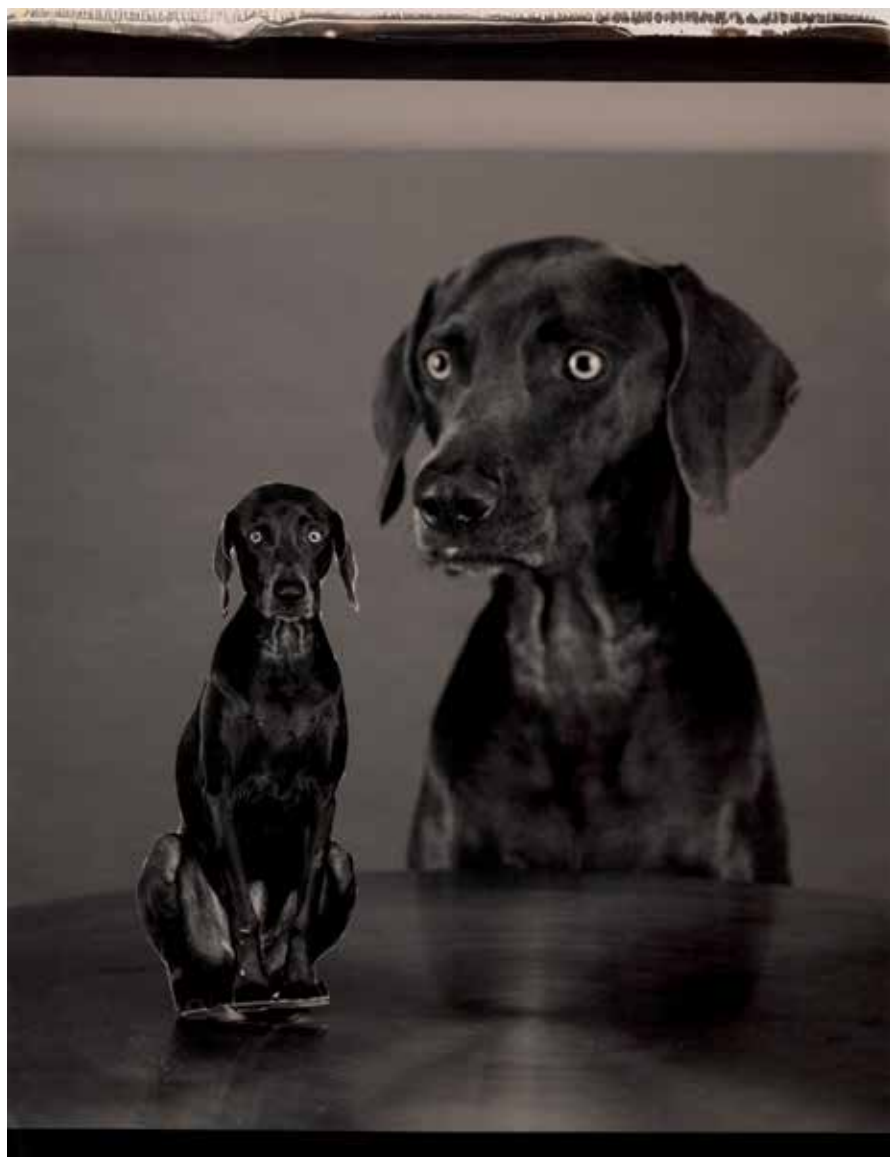


Responses to the protest of Vassar’s support for its LGBT students and staff were as diverse as they were creative, and included a human chain linking hands to surround Main Building, banners of every description, and the baking of rainbow cakes.



SNAP!

THE HOMELY POLAROID GETS ITS ARTISTIC DUE IN A GROUNDBREAKING EXHIBITION



ABOVE: William Wegman's *Splitting Image*.
RIGHT: *Emily Landau* by Andy Warhol.

TO THE PUBLIC, it's a reminder of a bygone era of instant color snapshots at millions of family gatherings. For historians, it's an obvious precursor to today's ubiquitous instant photos on smartphones and computers. But from the time Polaroid's famed SX-70 camera was released in 1972, there were those who saw its ability to instantly produce color photos as an exciting new medium for fine art. From April 12 through June 30, 2013, The Frances Lehman Loeb Art Center at Vassar College hosted *The Polaroid Years: Instant Photography and Experimentation*, a groundbreaking survey exhibition organized by the Art Center that brought together Polaroid pictures by 39 artists and collectives from 1972 through the present. Among the many well-known artists whose work was featured were Ansel Adams, Chuck Close, Walker Evans, David Hockney, Robert Mapplethorpe, Andy Warhol and William Wegman.

"Instant photography arrived in the hands of artists at a time when the world of fine art photography had recently become fertile ground for artistic experimentation," curator Mary-Kay Lombino, The Emily Hargroves Fisher 1957 and Richard B. Fisher Curator at The Frances Lehman Loeb Art Center, wrote in the exhibition catalogue. "In an examination of the phenomenon of instant photography — in particular Polaroid, a brand known





for its innovation and responsiveness to artistic endeavors — we see how it has influenced and inspired amateurs and professionals for nearly forty years. By juxtaposing early experimental work with more recent forays into the possibilities of the medium, *The Polaroid Years* tells a more complete story of instant photography than has yet been revealed.”

The exhibit was the first of its kind since the founding of the Polaroid Corporation by scientist and inventor Edwin H. Land some 75 years ago, and highlighted milestones in Polaroid’s history. That history is bittersweet, in view of the fact that Polaroid stopped production of analog instant film in 2008. Nevertheless, even today, as Lombino noted, “Polaroid continues to attract new devotees drawn to its luminescence, distinct color, and the happy accidents that occur in the imperfect developing process—not to mention the convenience of instantaneous, direct one-to-one prints.”

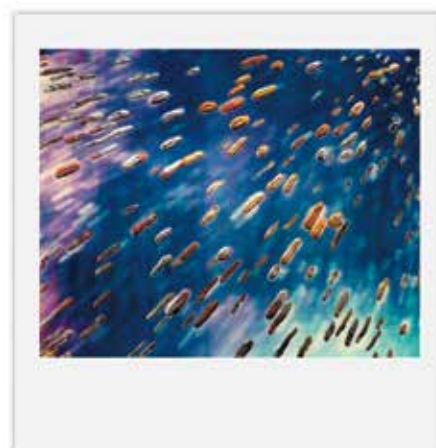
In reviewing the exhibition, the *New York Times* commented, “Like the snapshot-size prints made by the SX-70, the exhibition is compact and somewhat modest, but it’s an excellent introduction to the artistic use of this popular technology. ... What ‘The Polaroid Years’ makes clear, however, is how this particular technology harnessed some of what made photography fascinating

in the first place, including the magic of a photochemical image that could be held in the hand.”

The exhibition catalogue was co-published by The Frances Lehman Loeb Art Center and DelMonico Books/Prestel. Highlights included statements by a dozen of the artists whose work is featured; a chronology from the 1920s to the present of Polaroid technology and its use by artists; essays by Lombino and Dr. Peter Buse, Cultural Theorist and Senior Lecturer at the School of English, Sociology, Politics and Contemporary History at the University of Salford in Manchester, England; a foreword by James Mundy, The Anne Hendricks Bass Director at The Frances Lehman Loeb Art Center; and color images of all works in the exhibition.

Special events in conjunction with the exhibition included an opening day lecture by Christopher Bonanos, author of *Instant: The Story of Polaroid* and a senior editor at *New York* magazine, and a series of four films — one drama, one documentary, one thriller, and one comedy — in which Polaroid pictures play a leading role.

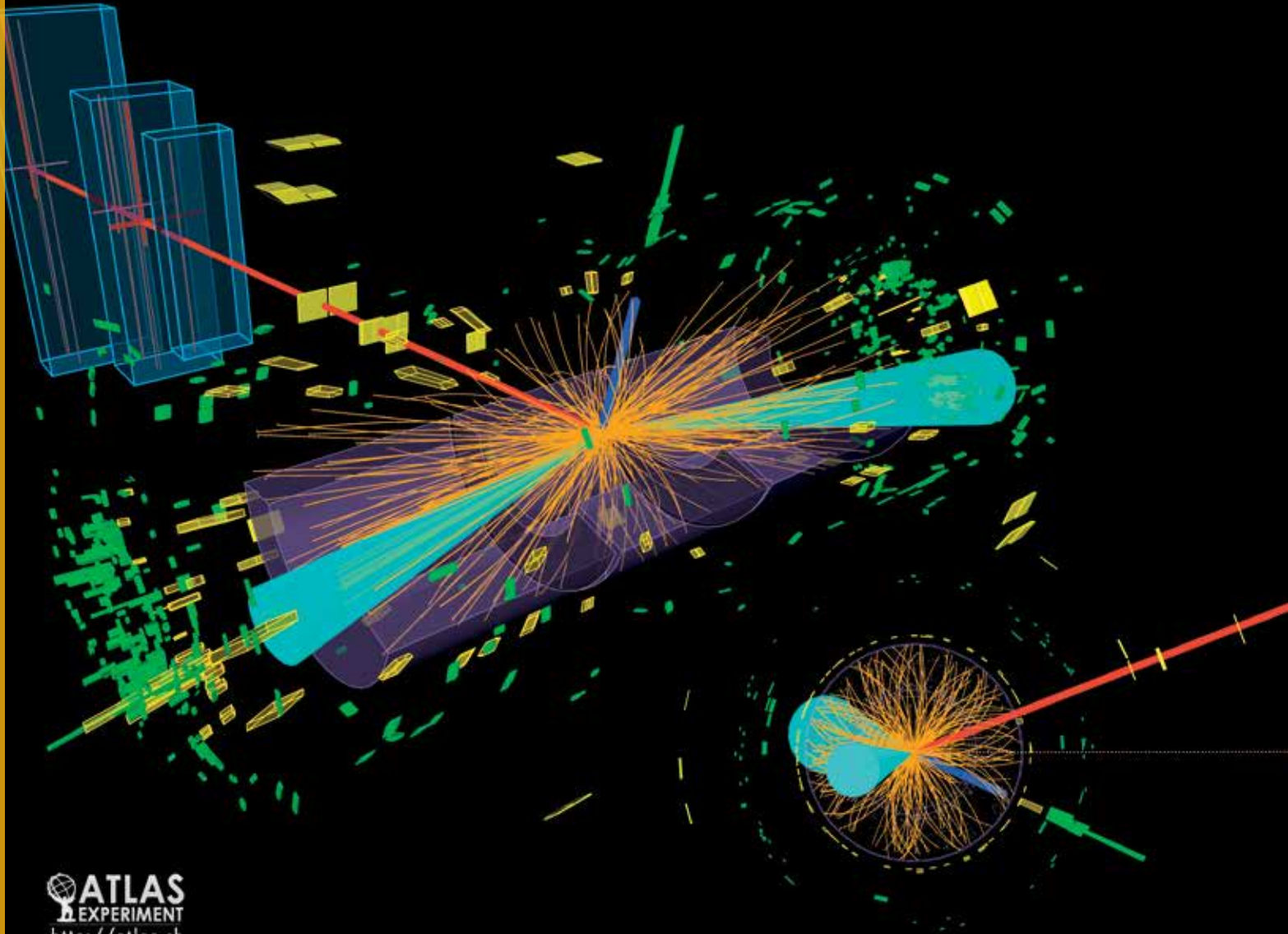
Research for *The Polaroid Years* was underwritten by a generous grant from The Andy Warhol Foundation for the Arts. The presentation at Vassar was made possible in part by the Smart Family Fund for Art Exhibition Support.



TOP: Chuck Close’s *5C: Self Portrait* (center) was featured prominently in the exhibit.
 CENTER: *Space Field* by Victor Raphael.
 ABOVE: John Maggioletto’s *Untitled (Superman)*.

HUNTING THE HIGGS

SAU LAN WU '63 PLAYS A KEY ROLE
IN A FAMED SCIENTIFIC SEARCH



ATLAS
EXPERIMENT
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An image from CERN's Atlas website depicts a Higgs boson particle decaying into two tau particles, each of which subsequently decays into either an electron (blue line) or a muon (red line). Years of intensive experiments by the Atlas and CMS teams at CERN culminated in the announcement of the discovery of the Higgs boson.

IN JULY 2012, the world was abuzz following the long-anticipated announcement of the discovery of a new subatomic particle called the Higgs boson. Also known as the “God particle,” it was the last missing elementary particle of 17 predicted by the Standard Model, the ruling physics theory for the last half-century. The Higgs is thought to uniquely impart mass to matter.

The Higgs discovery took place at the Large Hadron Collider, a 17-mile-long particle accelerator built 300 feet underground and operated by the renowned CERN (European Organization for Nuclear Research) research center for fundamental physics near Geneva, Switzerland. Two teams of about 3,000 physicists each, known as Atlas and CMS, made the discovery.

Sau Lan Wu '63, the Enrico Fermi Distinguished Professor of Physics at the University of Wisconsin and a key member of the Atlas team, visited the Vassar campus in October. The Rockefeller lecture hall that was the site of her talk was filled to capacity with students, faculty members, and Vassar neighbors excited to hear Wu speak about one of the longest, most expensive searches in the history of science, and the most significant observation in physics in more than 30 years.



Visiting her alma mater not long after the Higgs boson discovery was announced, Professor Wu met with physics majors (above) and spoke to a packed Rockefeller lecture hall (below).

“All these 20-something years that we *didn't* see it, I sometimes wondered if I ever would,” Wu told an interviewer before the lecture. “I get a lot of funding from my university in addition to the Department of Energy. And every year I had to write a justification to my university and I would say, ‘Well, we’re going to find the Higgs next year.’ And then I’d say, ‘We’re going to find the Higgs next year.’ I just kept going. And sometimes people would ask me, ‘Are you really serious?’ But the Higgs boson is so important in the Standard Model. It’s the only missing piece that allows for the elementary particle to have mass. The universe would be very different without this particle: There would be no atoms, no human beings. Everything would be massless. So this really is a discovery of the century.”

Wu previously played an important role in discovering two other subatomic particles: the Charm quark and the gluon. Reading the biography of Marie Curie inspired her to pursue a life of science. During her time at Vassar, she spent a summer at Brookhaven National Laboratory, where the study of particle physics captivated her. She later earned a Ph.D. from Harvard and worked initially as a research associate at MIT. Her work has earned her the High Energy and Particle Physics Prize from the European Physical Society, and

she is a fellow of the American Academy of Arts and Sciences.

Wu was born and grew up in Hong Kong, and came to the U.S. by ship. “The boat landed in San Francisco, and some Vassar alumnae met me,” she said. “They were very kind. I had to take two trains from San Francisco to New York. Alumnae also picked me up in New York and were really very nice.

“If Vassar had not admitted me, I would not be where I am. I applied to 50 places, but I asked for a full scholarship. There were only four places that said they would consider me, and I was rejected by three.

“I came to Vassar with no money. My father gave me \$40 and Vassar basically covered all of my costs. I had a full scholarship, room and board, and the American girls donated clothes for the foreign students, so I didn’t have to go shopping. Vassar even sent me to a summer school the first summer I was here because my English was so poor that I couldn’t pass my requirement. Vassar really made sure I would succeed and graduate. They trained me to have perseverance, persistence, and if you have that, you basically will not fail.

“Vassar really made my career. I dedicate my share of the Higgs discovery to Vassar.”



UP UNTIL ABOUT twenty years ago, the lives of children figured very little, if at all, in the teaching and learning of history. But as a historian of childhood, Associate Professor of History Lydia Murdoch '92 is part of a movement that has been rectifying that omission while enriching the study of history in general. And her contributions to this emerging field have not gone unnoticed. At the 2013 Interdisciplinary Nineteenth-Century Studies Conference, she was chosen over 27 competitors for the INCS Essay Prize for her article "'Suppressed Grief': Mourning the Death of British Children and the Memory of the 1857 Indian Rebellion," originally published in *The Journal of British Studies*.

and Contested Citizenship in London (Rutgers University Press, 2006), is a cultural and social history of child welfare in Victorian London. While working on her next book, Murdoch found a renewed fascination with an event she first studied at Vassar — the Indian Rebellion of 1857, a bloody conflict little known to most Americans, and usually called the Sepoy Mutiny by those few who do. "It grabbed my attention as a scholar of imperial Britain," she says, "because everyone in domestic Britain was talking about it. It was one of the key crises of empire. And looking at the British cultural response to it brought me back to issues of childhood."

That is because, as in so many wars to follow, children figured prominently among the victims. Murdoch's article poignantly brings back to life the experiences of British women and children caught in the midst of the rebellion, notably those trapped in a months-long siege in the city of Lucknow. That event took a particularly terrible toll on children, both British and Indian (though as Murdoch points out, the deaths of lower-class British children, and particularly Indian children, were seldom acknowledged); they perished due to everything from shell bursts and cannonballs — there is a fearsome account of a little girl playing in a courtyard killed that way — to dysentery and malnutrition, notably a lack of milk for infants.

As the article goes on to point out, these child deaths at first were used to justify extremely violent reprisals against Indians; later, they were suppressed from accounts entirely, because they did not fit the standard narrative of empire. "It was a turning point," says Murdoch of the rebellion and how it was interpreted. "After that, there was an increased emphasis in racist hierarchies in Britain's relations with India." In awarding Murdoch the prize, the INCS selection committee called her article "a major piece of historical research, by turns moving, disturbing, and breathtaking in its range of reference and analytical scope."

IMPERIAL EVIDENCE

**LYDIA MURDOCH '92
SHEDS NEW LIGHT ON THE
HISTORY OF CHILDHOOD**

The award marks another milestone on an unexpected journey that began when Murdoch arrived at Vassar as an undergraduate with an especially keen interest in the Victorian era. As it happened, she says, "The early 1990s were when the field of childhood studies got going and established." She ended up writing her Vassar thesis on child prostitution in London in the 19th century, and after earning her M.A. and Ph.D. at Indiana University, returned to her alma mater 13 years ago to teach.

One of her signature courses is "Children and Childhood in 19th-Century Britain." "It was the most amazing thing," she recalls. "I proposed it my first year here, and I've taught it six times now." Part of the course's appeal derives from the enormous, lingering influence of Victorian Britain on modern ideas of childhood as a unique "age of innocence," a notion belied by some of the materials studied, including oral histories of working-class children and adults in the London made famous by the novels of Charles Dickens.

Murdoch's first book, *Imagined Orphans: Poor Families, Child Welfare,*



"Too 'Civil' by Half," an 1857 illustration in *Punch*, underscores Murdoch's contention that the deaths of British children were used as an excuse for racially based reprisals against Indians.



Vassar's Russian Studies team at the scene of their West Point triumph: Jeremy Burke '15, Alycia Beattie '16, Savannah Holcomb '15, Sean Keller '16, Language Fellow and assistant coach Olesya Yelfimova, and Henry Hollithron '15.

VASSAR STUDENTS WIN BIG IN INTERCOLLEGIATE ACADEMIC COMPETITION — AND CHANGE HEARTS AND MINDS HALF A WORLD AWAY

VASSAR MADE A sparkling debut in intercollegiate Russian Studies competition on April 13, 2013, when five students, a faculty member and a language fellow traveled to West Point to participate in an event unofficially nicknamed the Olympiada. Although the event, limited to first- and second-year students of Russian who are not native speakers, was in its 12th year, it marked Vassar's first foray into the competition — and that made the results all the more stunning. Henry Hollithron '15 took first place at the intermediate level, while at the introductory level, Sean Keller '16 and Jeremy Burke '15 won first and second place overall, and Alycia Beattie '16 garnered first place for her poetry reading performance.

Participants faced a grueling day that required them to flex their Russian-speaking skills by reciting a poem from memory; giving a monologue about themselves, and then answering questions about it from judges; and reading a text that they had just been presented. In addition, competitors at the introductory level were required to complete a written grammar test.

Competitors were then ranked in each category, with overall winners selected on the basis of those scores. Remarkably, Hollithron won each individual category as well as the overall competition at his level. As the hosts from West Point noted in a congratulatory e-mail, his "trifecta was probably the first ever at second year [level] and maybe at any Olympiada, so far."

The judging was conducted by faculty from the six colleges and universities competing in the event — Vassar, West Point, Union College, SUNY Albany, SUNY Binghamton, and Hobart and William Smith Colleges — who took into account both the accuracy of the spoken Russian and the artistry of the presentations.

Vassar's entry into the Olympiada was the brainchild of Charles H. Arndt III, Mellon Post-Doctoral Fellow of Russian Studies, who had participated in the competition while teaching at Union, and who served as coach of the first-year students. The second-year team was coached by Adjunct Instructor in Russian Studies Svetlana Otvertchenko. Russian Language Fellow Olesya Yelfimova served as assistant coach to all the students, and accompanied Arndt and the team to West Point.

"It is always electrifying to be part of this competition, because I am able to see first-hand how much the Russian language and culture have impacted the students' lives," Arndt said. "My goal in all of this is to show students that being able to communicate in Russian is a skill that opens doors to entirely new worlds in art, literature, music, and history, to name just a few."

Following his triumph at West Point, Henry Hollithron went on to open a few doors himself. Blind from birth, Hollithron and his Seeing Eye® dog, Kaysley, traveled to Ekaterinburg, Russia, for an independent Junior Year

Abroad program. Unable to find an existing program that included courses in both Russian Studies and Computer Science, Hollithron designed his own course of study and, with help from Yelfimova, enrolled in Russia's Ural Federal University. Since then he has drawn nationwide media attention, including coverage by several of Russia's most prominent television channels. For Russians, who are still in the incipient stages of accommodating individuals with disabilities, the TV stories depicting the Vassar student navigating the Russian transportation and educational systems with his black Labrador retriever represented something new. Despite the occasional misunderstanding with bus conductors and supermarket security personnel, Hollithron is not only thriving in his new cultural environment, but also trailblazing new perspectives on human diversity.



While studying in Ekaterinburg, Russia, Henry Hollithron '15, along with his Seeing Eye® dog, Kaysley, is raising awareness in his host nation about the potential of individuals with disabilities.



The renovation of Swift Hall, home of the History Department, was achieved thanks to the generosity of campaign donors.

FINANCIAL REPORT 2012/13

FINANCIAL RESULTS FOR VASSAR COLLEGE in the fiscal year that ended June 30, 2013, in many ways reflect the continuing slow recovery in the world economy, with financial pressures easing somewhat in several key areas compared to recent years. Still, the College remains focused on efforts to improve operational efficiencies while simultaneously enhancing its core educational mission.

- Demonstrated need for financial assistance in meeting the total cost of attendance continues to be relatively high among Vassar families, with about 60% of the student body receiving institutional aid in 2012/13. Thus the slow recovery of the national economy continues to make institutional financial aid a transformative benefit to families and the fastest growing component of the operating budget, with a 6.9% increase over the prior year.
- The College's long-term investment pool, in which endowed funds are invested, earned a total return of 12.2% in the 2012/13 fiscal year, compared to a return of only 2.3% in 2011/12. However, the College's reliance upon these capital assets requires a steady draw from the funds, regardless of investment return. The net result of the total return on investments, the addition of \$13 million in gifts and other additions to endowment, and the withdrawal of \$49.7 million in support of operations resulted in an increase of 7.6% in the ending value of long-term investments on the balance sheet.

TABLE 1 displays some of the key measures of Vassar's operations, assets and liabilities over the last decade, providing context for the 2012/13 year in review from a financial perspective.

Vassar's financial statements for the fiscal year ended June 30, 2013, have been audited by PricewaterhouseCoopers, and appear as a separate section in this report following page 21. A digital copy of the statements is also available from the Finance and Administration web pages at <http://financeand-administration.vassar.edu/documents/index.html/>.

TABLE 1: KEY FINANCIAL/OPERATING INDICATORS

	2002/03	2007/08	2012/13
Endowment market value (June 30)	\$ 546.9 mm	\$ 848.7 mm	\$ 868.7 mm
Endowment per student	\$ 228,602	\$ 350,533	\$ 363,899
Debt outstanding (June 30)	\$ 80.5 mm	\$ 125.5 mm	\$ 254.6 mm
Total private gifts received	\$ 32.8 mm	\$ 28.0 mm	\$ 71.8 mm
Comprehensive fee for attendance	\$ 35,300	\$ 46,685	\$ 57,070
Average cost of educating each student	\$ 48,062	\$ 64,292	\$ 70,945
Vassar-funded student grant aid	\$ 20.9 mm	\$ 30.7 mm	\$ 57.6 mm
Percent of students with Vassar grants	50%	47%	60%
Undergraduate enrollment (avg FTE)	2,392	2,421	2,385
Student-faculty ratio (Fall)	9.0 : 1	7.6 : 1	8.1 : 1
Library volumes	844,666	939,351	1,010,770
Applications for admission	6,207	7,361	7,597
Percent of applicants offered admission	29.1%	25.0%	24.1%
Yield on admission offers	35.2%	34.8%	36.4%
Graduation rate (6-year)	88.4%	91.7%	90.7%

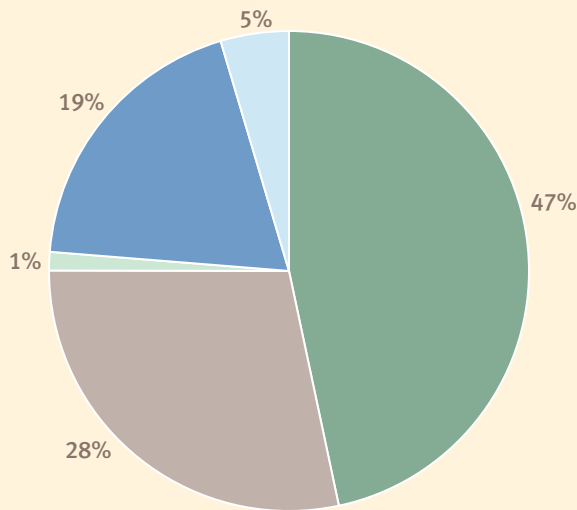


FIGURE 1: SOURCES OF REVENUE, 2012/13

Net tuition/room/board	\$ 81,976,983
Endowment support	49,824,001
Government grants	2,183,547
Gifts	33,596,228
Other revenue	8,080,188

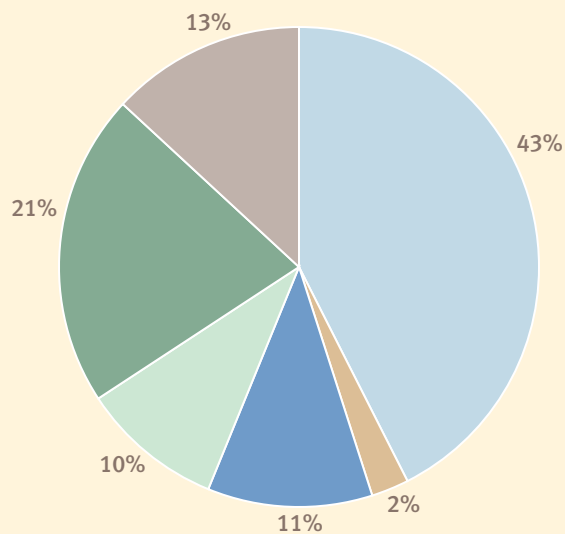


FIGURE 2: EXPENSES BY PROGRAM, 2012/13

Instruction	\$ 71,965,616
Research	4,281,069
Academic support	18,799,634
Student services	16,234,339
Institutional support	35,722,339
Auxiliary enterprises	22,200,464

Operating Results

Student enrollment was on target with 2,385 full-time equivalent students enrolled on campus and an average of 165 full-time equivalent students enrolled in study abroad each semester. Overall, net operating revenue increased by 14% compared to the prior year, while operating expenses increased by nearly 3%.

FIGURE 1 depicts the sources of operating revenue, with 47% of net operating revenue provided by tuition, room, board, and other fees paid by students and their families. Another 28% was provided by investment return on endowment, while private gifts and grants provided 19%. Federal and State grants for student financial aid, academic programming, and faculty research provided only 1% of total revenue, and the remaining 5% came from fee-for-service activities, summer programs, nursery school tuition and miscellaneous other sources. The share of revenue provided by student charges has declined over the last few years as a result of adopting need-blind admissions and aid policies just prior to the major recession that began in the spring of 2008. The share of revenue provided by endowment and gifts has increased to maintain critical operations and support increased demand for financial aid based on demonstrated financial need. It is anticipated that revenue from student charges net of financial aid will stabilize and grow slightly.

FIGURE 2 breaks down the \$169.2 million recorded as operating expense in the 2012/13 statement of activities by program, with employment and plant operating costs distributed to each programmatic area. Over 56% of expenses are dedicated to the academic enterprise (instruction, research and academic support). As a residential college, Vassar also expends 13% of operating resources on auxiliary enterprises including residence hall and campus dining operations, and 10% on student services (admissions, student health services, counseling, athletics, and career services). Central administrative operations — such as accounting services, communications, fundraising, security services, information technology support, and other central costs — accounted for approximately 21% of total expenditure in 2012/13.

Compensation is the single largest type of expenditure at the College, illustrating the labor-intensive nature of the small class and intensive faculty focus on teaching that is Vassar's hallmark. Vassar strives to maintain highly competitive salaries, wages and benefits to attract and retain skilled individuals in all aspects of operations, as well as the outstanding faculty who are central to the College's academic mission. Thus, over 60% of annual operating costs in 2012/13 was devoted to compensation.

Financial Assets:

Long-Term Investments and Short-Term Liquidity

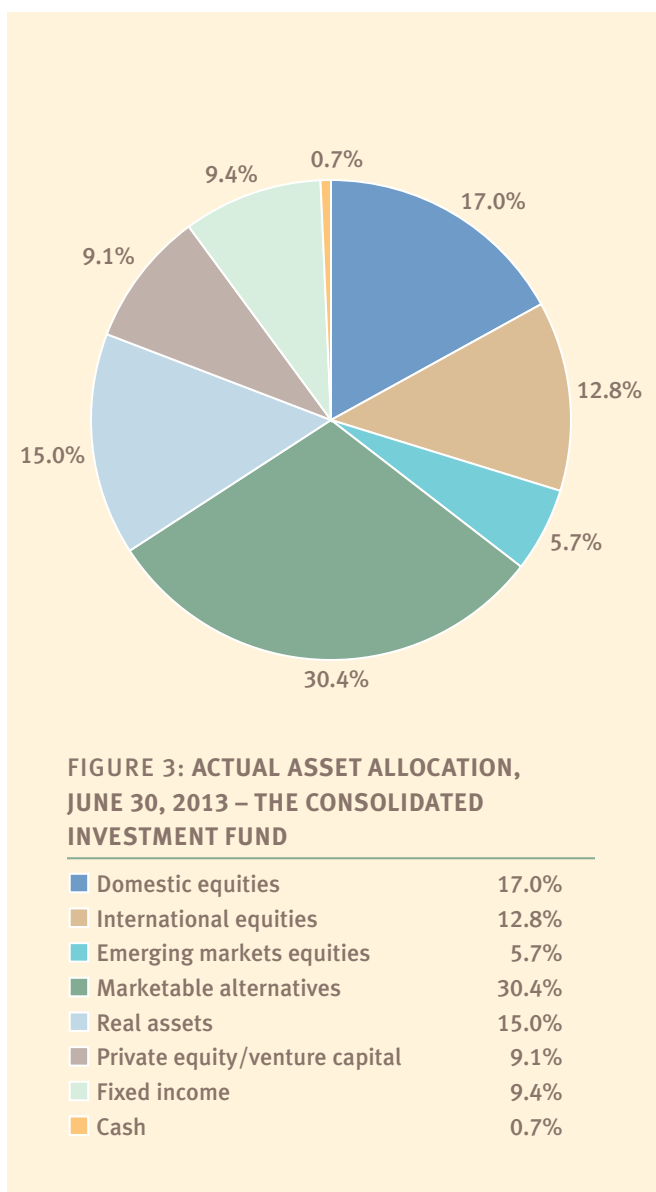
The endowed funds of the College are invested primarily through a unified pool of investments under the supervision of the Trustee Investments Committee. Vassar’s long-term objective is to earn a total return (income and appreciation of principal) equal to the average annual appropriation to support current activities (targeted at 5% on average) plus long-term inflation of 2 to 3% per year to preserve the purchasing power of the endowment over time. The volatility of returns in the last 10 to 12 years has presented a major challenge to these goals. The College’s strategy has been to remain fully diversified in its core endowment investments (FIGURE 3), a strategy that has served the College particularly well in the last decade. Nevertheless, the College has not been immune to the effects of the fall in asset prices in 2008 and 2009, as is evident in FIGURE 4, illustrating endowment market value over the last twenty years.

On June 30, 2013, the market value of the endowment had risen to \$868.7 million, the net result of an investment return, net of fees to investment managers, of 12.2% for the fiscal year, appropriations for current use of \$49.7 million, and gifts and additions of \$13 million. The total return of 12.2% exceeded the weighted benchmark return of 10.2%, which incorporates the returns available in the asset classes represented in the Vassar portfolio. TABLE 2 summarizes the performance of the endowment over one, three, five, ten, and twenty year time periods, compared to the Consumer Price Index, the Barclays Capital Aggregate Bond Index, and the MSCI All Country World stock index.

TABLE 2: AVERAGE ANNUAL COMPOUND RETURNS

	Vassar College Investment Pool	Inflation (CPI-U)	Barclays Aggregate (U.S. Bond Market)	MSCI ACWI (World Stocks)
1 year	12.2%	1.8%	-0.7%	17.2%
3 year	11.7%	2.4%	3.5%	13.0%
5 year	5.0%	1.3%	5.2%	2.9%
10 year	9.1%	2.4%	4.5%	8.1%
20 year	9.0%	2.4%	5.9%	7.1%

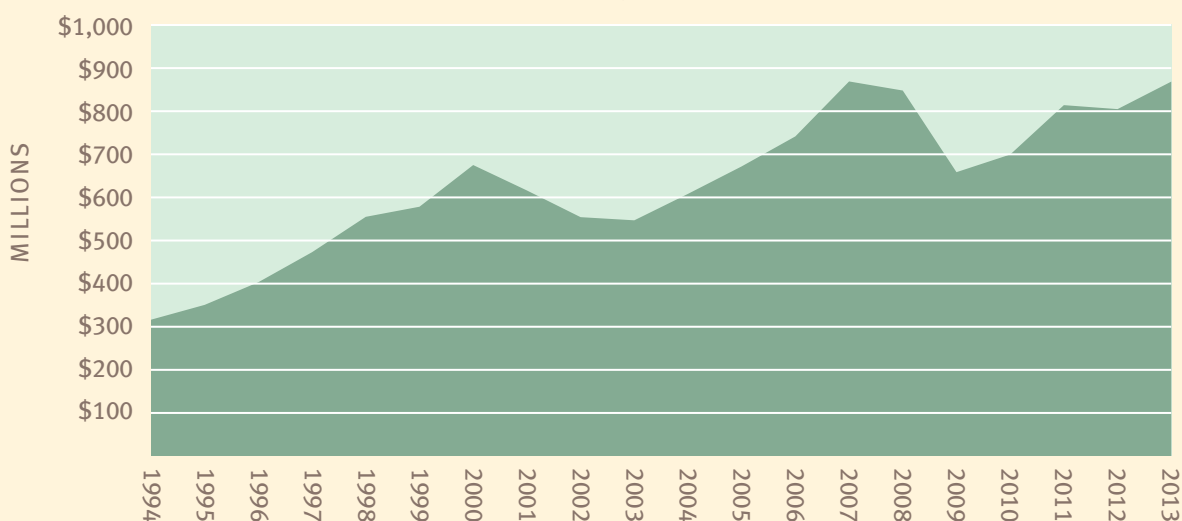
The College also acts as trustee for deferred gifts and contracts that are invested to provide income streams to beneficiaries during their lifetimes, with the remainder passing to the College as a charitable donation. The investment pool devoted to deferred gifts totaled \$26.6 million as of June 30, 2013. These assets are managed separately from the endowment under contract with Kaspick & Company, a leading provider of deferred giving services. The total program of deferred giving assets earned an aggregate return of 11.4% in the fiscal year ended June 30, 2013, although returns varied



for participants depending upon the objectives of each trust or contract. Over the past 10 years, Kaspick’s stewardship of Vassar’s trust assets has earned a total return of 7.9% per year on the total pool of deferred giving assets.

In addition to the long-term investment of the endowment and deferred gift assets, the College also manages operating cash reserves and funds held in advance of investment in the physical plant. These financial assets are invested at low risk, primarily to maintain the principal value of the funds prior to use and ensure liquidity. Primary vehicles have included U.S. Treasuries of various maturities and bank money market funds at HSBC, Merrill Lynch, and Northern Trust. Over the course of the fiscal year, balances in these vehicles fluctuated from \$5 million to \$25 million, ending on June 30 at \$20.2 million, fairly typical for the College’s short-term liquidity.

FIGURE 4: ENDOWMENT MARKET VALUE, JUNE 30



Financial Support from Alumnae/i and Friends

2012/13 was the final year of *Vassar 150: World Changing*, the comprehensive campaign whose goals include gifts to support financial aid, the renewal and development of science facilities at Vassar, and enhancement of the Annual Fund for perennial support of College operations. These goals reflect the various ways in which donations of alumnae/i, parents, friends, and private foundations support the mission of the College. Contributions to scholarship funds make the College affordable to students whose families could not otherwise finance their enrollment at Vassar. The science facilities plan, currently in construction, will not only meet the needs of Vassar’s outstanding science departments and programs, but will also make optimal use of existing facilities and achieve the first LEED-certified renovations and new construction on the campus.

Vassar recorded \$71.8 million in outright gifts and pledges from alumnae/i, parents, friends, and private foundations during 2012/13, compared to \$45.3 million recorded in Vassar’s sesquicentennial year. Private gifts and grants for operating purposes amounted to \$33.6 million, a portion of which is temporarily restricted for future use. Private gifts and grants for non-operating or capital purposes continued to exceed the \$20 million mark in 2012/13, with \$13 million restricted by donors for endowment; another \$8.4 million for investment in facilities or equipment; \$1.4 million pending designation; and \$613,000 for the creation of deferred gifts,

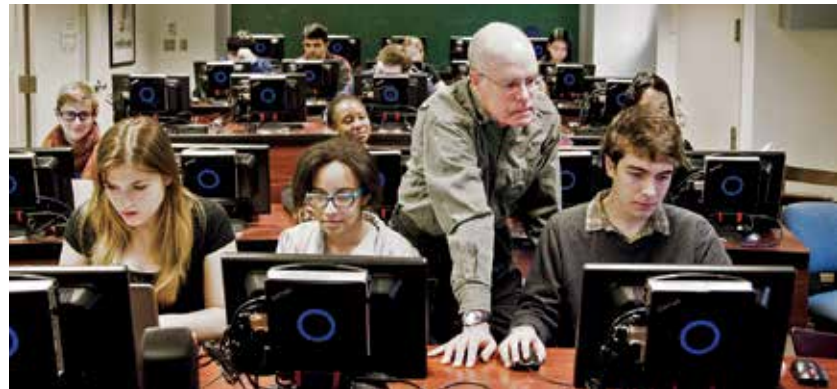
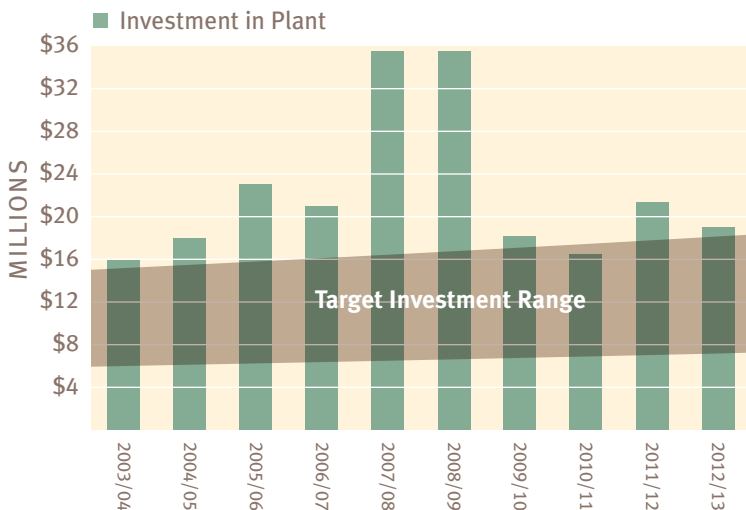
to be realized at the end of trust arrangements. The College also received artwork valued at approximately \$4.3 million and added to the outstanding collection of the Frances Lehman Loeb Art Center.

Debt and Credit Rating

On June 30, 2013, the College had \$254.6 million in debt outstanding, all in general obligation tax-exempt revenue bonds, issued through either the Dormitory Authority of the State of New York or the Dutchess County Local Development Corporation. Interest rates on these bonds range between 4% and 5%. Moody’s Investors Service evaluated the College’s credit in association with the last issue as Aa2, with a stable outlook. Standard & Poor’s assigned an AA- rating with a stable outlook in November 2012, based primarily on the reliance upon endowment support that had increased during the recession, when the College held fast to need-blind admissions and need-based financial aid policies. This rating was affirmed by Standard & Poor’s when new Vassar debt was issued in June 2013.

Vassar’s borrowing has been undertaken as part of the overall financing strategy for campus renewal and improvement, in combination with restricted gifts from alumnae/i, friends, and foundations, and with appropriations of operating revenue. New debt issued last spring is part of the financing of the renovation and new construction associated with the science facilities plan, which broke ground this past summer.

**FIGURE 5:
RATE OF REINVESTMENT IN EXISTING FACILITIES**



Vassar continues to invest significantly in technology, which plays an important part in classroom instruction.

**Physical Assets:
Facilities, the Campus, Equipment and Collections**

The College has continued to renew and restore the campus, widely recognized as one of the most beautiful college campuses, with an aggressive program of facility and infrastructure renewal. **FIGURE 5** illustrates the annual rate of investment in campus facilities against a range of normal targets for annual renovation and renewal of a campus with Vassar’s size and complexity. This effort will continue over the next several years with the implementation of the science facilities plan, which includes approximately \$36 million of investment in existing facilities that will become LEED-certified for energy conservation and sustainability, while simultaneously incorporating the program requirements of the science faculty and students.

During the 2012/13 fiscal year, a total of \$39 million was invested in facilities, campus improvements, equipment and collections, including \$2.1 million in library acquisitions and more than \$1.6 million in computer technology to support the campus network, and academic computing. Several of the major capital improvements taking place on campus are part of multi-year projects funded by tax-exempt bonds issued in 2010, with debt issued in 2013 largely dedicated to the science initiative. The College also benefits from generous donations from alumnae/i and friends who provide invaluable assistance in maintaining Vassar’s historic and distinctive campus. Highlights of work in 2012/13 include:

Academic facilities: Swift Hall, the longtime home of the History Department, was completely renovated this past year due to the generosity of donors. The History Department faculty were delighted with their newly renovated teaching

spaces, state-of-the-art classroom technology, and new office and social spaces designed to enhance faculty/student interaction. Sanders Classroom received a new copper batten roofing system, including restoration of associated exterior millwork and masonry.

Residential facilities: The focus of the residential investments during 2012/13 was the final phase of a major interior renovation at Lathrop House, which included replacing the second bathroom stack on all floors, realigning the corridors for improved fire safety, and replacing the elevator.

Campus infrastructure: A key aspect of the renewal effort on campus has been an ongoing improvement in core infrastructure investments that supports the entire campus. This work ranges from replacement of aged steam, high pressure gas, water and sanitary lines, to upgrades to electrical systems and storm water management.

Equipment: Vassar continues to invest significantly in technology to support educational programs and administration, capitalizing approximately \$2.9 million in 2012/13 in academic equipment, computing and network equipment, office equipment and furnishings.

Collections: The College invested \$2.1 million, adding 14,827 volumes to the Vassar Libraries in 2012/13 including significant additions of musical scores, while also supporting the expanding use of digital access to meet the academic needs of students and faculty. In addition, the College acquired artwork for the extensive collections of the Frances Lehman Loeb Art Center valued at approximately \$4.7 million in 2012/13.



VASSAR COLLEGE FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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FINANCIAL STATEMENTS

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24 Statements of Activities

26 Statements of Cash Flows

27–47 Notes to Financial Statements



Independent Auditor's Report

To the Board of Trustees of Vassar College:

We have audited the accompanying financial statements of Vassar College ("Vassar" or the "College"), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College at June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the College changed its presentation of contributed securities in its statements of cash flows.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

October 24, 2013

STATEMENTS OF FINANCIAL POSITION

June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 20,219,732	\$ 11,301,488
Accounts receivable, net		
Student accounts receivable	500,899	495,832
Student loans receivable	3,294,839	3,251,880
Grants receivable	1,231,918	800,757
Contributions receivable	38,984,679	24,584,361
Accrued investment income receivable	485,305	743,158
Inventories	729,695	920,223
Prepaid and other assets	3,481,418	4,854,289
Deposits held by trustee	105,939,811	36,568,779
Investments	908,138,207	843,653,397
Beneficial interests in outside trusts	8,631,501	8,082,840
Land, buildings and equipment, net	392,735,612	373,068,527
Total assets	\$ 1,484,373,616	\$ 1,308,325,531
LIABILITIES		
Accounts payable and accrued expenses	\$ 19,587,456	\$ 25,393,292
Deferred revenue and students' deposits	3,847,736	3,212,098
Refundable government loan funds	2,666,822	2,641,411
Present value of beneficiary payments	12,992,387	13,251,759
Deposits held for others	3,985,198	3,295,040
Long-term debt	254,615,000	169,260,000
Accrued pension obligation	7,913,921	12,713,277
Asset retirement obligation	7,906,552	7,896,770
Accrued post-retirement benefit obligation	26,864,636	29,733,118
Total liabilities	340,379,708	267,396,765
NET ASSETS		
Unrestricted	354,427,775	331,376,264
Temporarily restricted	482,039,551	425,496,533
Permanently restricted	307,526,582	284,055,969
Total net assets	1,143,993,908	1,040,928,766
Total liabilities and net assets	\$ 1,484,373,616	\$ 1,308,325,531

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2013 with Summarized Comparative Totals for 2012

	2013			2012	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
OPERATING REVENUES					
Tuition and fees	\$ 117,512,877	\$ —	\$ —	\$ 117,512,877	\$ 112,392,142
Room and board	22,391,226	—	—	22,391,226	21,505,111
	139,904,103	—	—	139,904,103	133,897,253
Less: Scholarships	(57,927,120)	—	—	(57,927,120)	(54,205,521)
Net tuition, fees, room and board	81,976,983	—	—	81,976,983	79,691,732
Investment return					
Interest and dividends	2,139,460	3,502,844	—	5,642,304	6,239,208
Realized accumulated gains used to meet spending policy	15,408,588	28,773,109	—	44,181,697	42,574,791
Government grants	2,183,547	—	—	2,183,547	1,846,900
Private gifts and grants	11,325,104	22,271,124	—	33,596,228	15,691,221
Other revenue	3,432,314	—	—	3,432,314	3,011,351
Auxiliary enterprises	4,647,874	—	—	4,647,874	4,938,295
Net assets released from restrictions	50,763,539	(50,763,539)	—	—	—
Total operating revenues	171,877,409	3,783,538	—	175,660,947	153,993,498
OPERATING EXPENSES					
Instruction	71,965,616	—	—	71,965,616	70,677,947
Research	4,281,069	—	—	4,281,069	4,126,615
Academic support	18,799,634	—	—	18,799,634	17,703,635
Student services	16,234,339	—	—	16,234,339	16,344,442
Institutional support	35,722,339	—	—	35,722,339	35,198,761
Auxiliary enterprises	22,200,464	—	—	22,200,464	20,427,614
Total operating expenses	169,203,461	—	—	169,203,461	164,479,014
Change in net assets from operations	2,673,948	3,783,538	—	6,457,486	(10,485,516)
NONOPERATING ACTIVITIES					
Private gifts and other additions	5,869,021	10,967,753	21,322,974	38,159,748	20,778,797
Government grants	328,831	—	—	328,831	607,461
Interest and dividends	43,617	319,500	—	363,117	542,948
Realized and unrealized gains (losses)	15,842,131	76,458,884	740,427	93,041,442	7,829,874
Realized gains used to meet spending policy	(15,408,588)	(28,773,109)	—	(44,181,697)	(42,574,791)
Terminated deferred gifts	144,733	(91,255)	(53,478)	—	—
(Loss) / Gain on disposal of fixed assets	(83,135)	—	—	(83,135)	752,188
Changes in value of deferred gifts	(233,625)	(320,231)	85,178	(468,678)	(680,417)
Other nonoperating activity	(137,025)	(355,209)	—	(492,234)	(468)
Adjustment for pension liability	5,573,039	—	—	5,573,039	(7,401,623)
Insurance recovery of capital expenditures	—	—	—	—	2,257,247
Post-retirement benefits changes other than net periodic benefits cost	4,367,223	—	—	4,367,223	(4,697,224)
Replenishment of underwater funds	492,028	(492,028)	—	—	—
Net assets released from restrictions	3,579,313	(4,954,825)	1,375,512	—	—
Change in net assets from nonoperating activities	20,377,563	52,759,480	23,470,613	96,607,656	(22,586,008)
Change in net assets	23,051,511	56,543,018	23,470,613	103,065,142	(33,071,524)
NET ASSETS					
Beginning of year	331,376,264	425,496,533	284,055,969	1,040,928,766	1,074,000,290
End of year	\$ 354,427,775	\$ 482,039,551	\$ 307,526,582	\$ 1,143,993,908	\$ 1,040,928,766

STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
OPERATING REVENUES				
Tuition and fees	\$ 112,392,142	\$ —	\$ —	\$ 112,392,142
Room and board	21,505,111	—	—	21,505,111
	133,897,253	—	—	133,897,253
Less: Scholarships	(54,205,521)	—	—	(54,205,521)
Net tuition, fees, room and board	79,691,732	—	—	79,691,732
Investment return				
Interest and dividends	2,899,431	3,339,777	—	6,239,208
Realized accumulated gains used to meet spending policy	15,744,877	26,829,914	—	42,574,791
Government grants	1,846,900	—	—	1,846,900
Private gifts and grants	11,167,825	4,523,396	—	15,691,221
Other revenue	3,011,351	—	—	3,011,351
Auxiliary enterprises	4,938,295	—	—	4,938,295
Net assets released from restrictions	36,785,529	(36,785,529)	—	—
Total operating revenues	156,085,940	(2,092,442)	—	153,993,498
OPERATING EXPENSES				
Instruction	70,677,947	—	—	70,677,947
Research	4,126,615	—	—	4,126,615
Academic support	17,703,635	—	—	17,703,635
Student services	16,344,442	—	—	16,344,442
Institutional support	35,198,761	—	—	35,198,761
Auxiliary enterprises	20,427,614	—	—	20,427,614
Total operating expenses	164,479,014	—	—	164,479,014
Change in net assets from operations	(8,393,074)	(2,092,442)	—	(10,485,516)
NONOPERATING ACTIVITIES				
Private gifts and other additions	4,203,251	2,047,520	14,528,026	20,778,797
Government grants	607,461	—	—	607,461
Interest and dividends	33,461	509,487	—	542,948
Realized and unrealized gains (losses)	2,342,410	6,190,600	(703,136)	7,829,874
Realized gains used to meet spending policy	(15,744,877)	(26,829,914)	—	(42,574,791)
Terminated deferred gifts	70,107	(1,805,862)	1,735,755	—
Gain on disposal of fixed assets	752,188	—	—	752,188
Changes in value of deferred gifts	(249,096)	(853,513)	422,192	(680,417)
Other nonoperating activity	(468)	—	—	(468)
Adjustment for pension liability	(7,401,623)	—	—	(7,401,623)
Recovery (reversal) of capital expenditures	2,257,247	—	—	2,257,247
Post-retirement benefits changes other than net periodic benefits cost	(4,697,224)	—	—	(4,697,224)
Replenishment of underwater funds	(276,557)	276,557	—	—
Net assets released from restrictions	1,850,574	(2,351,904)	501,330	—
Change in net assets from nonoperating activities	(16,253,146)	(22,817,029)	16,484,167	(22,586,008)
Change in net assets	(24,646,220)	(24,909,471)	16,484,167	(33,071,524)
NET ASSETS				
Beginning of year	356,022,484	450,406,004	267,571,802	1,074,000,290
End of year	\$ 331,376,264	\$ 425,496,533	\$ 284,055,969	\$ 1,040,928,766

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 103,065,142	\$ (33,071,524)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	19,024,856	18,840,444
Accretion on asset retirement obligation	394,839	405,504
Loss / (gain) on disposal of fixed assets	83,135	(752,188)
Investment income on life income and annuity agreements	(659,450)	(1,194,964)
Payments to beneficiaries	1,387,441	1,403,609
Nonoperating contributions	(22,924,551)	(11,135,136)
Gifts in kind	(4,337,919)	(299,244)
Realized and unrealized gains on investments	(92,492,782)	(8,516,811)
Beneficial interest in outside trusts	(548,661)	686,937
Changes in assets and liabilities that provide (use) cash		
Accounts receivable	(497,433)	(224,347)
Contributions receivable	(14,400,318)	103,000
Accrued investment income receivable	257,853	(27,576)
Inventories	190,529	(354,113)
Prepaid and other assets	1,372,871	217,962
Accounts payable and accrued expenses	(8,452,698)	(2,460,295)
Deferred revenue and students' deposits	635,638	(684,997)
Present value of beneficiary payments	(259,372)	(116,764)
Deposits held for others	690,158	116,402
Asset retirement obligation	(385,056)	(618,815)
Accrued pension obligation	(4,799,356)	6,229,497
Accrued post-retirement benefit obligation	(2,868,482)	4,390,118
Net cash used in operating activities	(25,523,616)	(27,063,301)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of land, buildings and equipment	(32,086,521)	(30,129,834)
Use of deposits held by trustee	17,522,475	13,017,702
Deposits with bond trustee	(87,085,000)	—
Proceeds from sale of land, buildings and equipment	296,223	1,131,963
Proceeds from student loan collections	330,695	372,956
Student loans issued	(312,449)	(296,153)
Purchases of investments	(331,532,191)	(207,179,603)
Proceeds from sales and maturities of investments	360,395,464	240,455,149
Net cash (used in) provided by investing activities	(72,471,304)	17,372,180
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for endowment	12,594,135	7,625,485
Contributions for long-lived assets	9,812,029	2,823,546
Contributions for life income agreements	518,388	686,105
Investment income on life income and annuity agreements	659,450	1,194,964
Payments to beneficiaries	(1,387,441)	(1,403,609)
(Decrease) increase in refundable government loan funds	25,412	(40,720)
Issuance of long-term debt	87,085,000	—
Payments on long-term debt	(1,730,000)	(1,645,000)
Debt issuance cost	(663,809)	—
Net cash provided by financing activities	106,913,164	9,240,771
Net increase (decrease) in cash and cash equivalents	8,918,244	(450,350)
CASH AND CASH EQUIVALENTS		
Beginning of year	11,301,488	11,751,838
End of year	\$ 20,219,732	\$ 11,301,488
SUPPLEMENTAL DATA		
Interest paid	7,833,398	8,057,521
Noncash investing activities		
Purchases of capital assets included in accounts payable	4,337,919	6,877,361

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Vassar College (“Vassar” or the “College”) was founded in 1861 and is a coeducational, independent, liberal arts college located in Poughkeepsie, New York.

Basis of Presentation

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

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into the following categories:

Permanently Restricted

Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets. Such assets primarily include the College’s permanent endowment funds.

Temporarily Restricted

Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

Unrestricted

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

Unconditional contributions are recognized as contributions receivable at their estimated net present value when pledged. Contributions and investment return with donor-imposed restrictions are reported as permanently or temporarily restricted revenues. Temporarily restricted net assets are reclassified to unrestricted net assets when an expense is incurred that satisfies the donor-imposed restriction. Temporarily restricted contributions and investment return received and expended for the restricted purpose in the same fiscal year are recorded as unrestricted net assets. Expenses are reported as decreases in unrestricted revenues.

Contributions restricted for the acquisition of land, buildings and equipment are reported as temporarily restricted revenues. These contributions are reclassified to unrestricted net assets upon acquisition of the assets or when the assets are placed in service.

Nonoperating activities include contributions to be used for facilities and equipment or to be invested by the College to generate a return that will support operations. Nonoperating activities also include the realized and unrealized gains or losses on investments, net of amounts appropriated for operations for the year, the adjustment for pension and post-retirement benefit liabilities other than periodic benefit cost, changes in deferred gifts as well as investment income on deferred gifts and gifts to support land, buildings and equipment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. The College's significant estimates include the valuation of its investments, its valuation of contributions receivable and recognition of its pension and post-retirement benefit obligations. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include operating funds that are short-term, highly liquid investments with a maturity of three months or less at the time of purchase. Cash and cash equivalents are reported at cost which approximates fair value.

Investments

Investments are reported at fair value with realized and unrealized gains and losses included in the Statements of Activities. Realized gains and losses on the sale of the College's investments are based upon the average cost of the investment. All investment transactions are recorded on a trade date basis.

Beneficial Interest in Outside Trusts

The College is the beneficiary of various trusts created by donors, the assets of which are not in the possession of Vassar. The College has legally enforceable rights or claims to such assets, including the right to income generated. The fair value of these interests is recorded in the permanently restricted net asset class, and the net realized and unrealized gains or losses are recorded in the permanently or temporarily restricted net asset categories as designated by the donor(s).

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect the amounts reported in the Statements of Financial Position and the Statements of Activities.

Plan contributions and the actuarial present value of accumulated plan benefits for the pension and post-retirement obligations are estimated based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

Valuation

The College adopted Accounting Standards Codification 820 (ASC 820), "Fair Value Measurements and Disclosures," formerly known as Statement of Financial Accounting Standards No. 157, "Fair Value Measurements (SFAS 157), in the preparation of its financial statements as of June 30, 2009. ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset, or paid to transfer a liability (an exit price), in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

In September 2009, the Financial Accounting Standards Board issued FASB Accounting Standards Update No. 2009-12, “Investment in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)” (ASU 2009-12). The standard amends existing guidance by enhancing disclosures and providing guidance for estimating the fair value of investments in funds that calculate net asset value per share, allowing the Net Asset Value (NAV) per share to be used as a practical expedient for fair value where such funds follow the American Institute of Certified Public Accountants (AICPA) Guide in arriving at their reported NAV. The College adopted the practical expedient provisions of the standard in the preparation of its 2009 financial statements and the disclosure provisions of the standard for its 2010 financial statements.

In January 2010, the FASB issued ASU No. 2010-06, “Improving Disclosures about Fair Value Measurements.” This standard amends ASC 820 and requires entities to disclose significant transfers of assets in and out of Levels 1 and 2, and all transfers in or out of Level 3, of the fair value hierarchy, and the reasons for those transfers. The College adopted ASU 2010-06 in the preparation of its financial statements as of June 30, 2010. (See Investments in Footnote 2.) In addition, the guidance requires separate presentation of purchases and sales in the Level 3 asset reconciliation. The College adopted this additional disclosure requirement in the preparation of its financial statements as of June 30, 2012.

Receivables

The College extends credit to students in the form of accounts receivable and loans for educational purposes.

At June 30, 2013 and 2012, student accounts receivable are net of an allowance for doubtful accounts of \$106,148 and \$123,958, and student loans receivable are net of an allowance for doubtful accounts of \$271,861 and \$330,066, respectively.

It is not practicable to determine the fair value of student loan receivables because they are primarily federally sponsored student loans with U.S. government-mandated interest rates and repayment terms, and are subject to significant restrictions as to their transfer or disposition.

Credit Losses

The College records an allowance for doubtful accounts (credit losses) for long-term receivables including Perkins loans and other student loans. Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment, the level of delinquent loans, review of the default rate by category in comparison to prior years, the value of any collateral and, where applicable, the existence of any guarantees or indemnifications. The level of the allowance is adjusted based on actual results. The College’s Perkins receivable represents the amounts due from current and former students under the Federal Perkins Loan Program. Loans disbursed under the Federal Perkins Loan program are able to be assigned to the Federal Government in certain nonrepayment situations. In these situations the Federal portion of the loan balance is guaranteed. Management believes that the allowance for credit losses at June 30, 2013 and 2012 is adequate to absorb credit risk inherent in the portfolio.

Reclassifications

During the year ended June 30, 2013 the College adopted new authoritative guidance related to the classification of contributed securities in the Statements of Cash Flows. As a result, \$11,277,539 in contributed securities for the year ended June 30, 2013 have been classified as cash provided by operating activities. Additionally, contributed securities of \$5,467,693 for the year ended June 30, 2012 have been reclassified to conform to current year presentation.

Contributions Receivable

Contributions receivable are as follows:

	2013	2012
Due within one year	\$ 5,667,337	\$ 2,576,019
Due in one to five years	33,787,760	23,731,827
Due in over five years	1,114,675	97,001
	40,569,772	26,404,847
Less: Present value discount	(1,091,862)	(1,004,143)
Allowance for uncollectable pledges	(493,231)	(816,343)
	\$ 38,984,679	\$ 24,584,361

Conditional pledges and bequest intentions totaling approximately \$111,200,000 have been excluded from these amounts and are not recorded in the financial statements.

Inventories

Inventories are valued at the lower of cost, based upon the first-in, first-out method, or market. Inventories consist primarily of items used in food preparation, health services, computer-related items for sale on campus, and fuel oil stores.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost or, if donated, at estimated fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Land improvements	10 years
Buildings	50 years
Buildings improvements	10 to 50 years
Equipment	7 years
Computer equipment	4 years
Library books	10 years

Works of art, historical treasures and similar assets have been recognized at their estimated fair value based upon appraisals or similar valuations at the date of acquisition or donation.

When an asset retirement obligation is identified, the College records the fair value of the obligation as a liability. The fair value of the obligation is also capitalized as part of land, buildings, and equipment and then amortized over the estimated remaining useful life of the associated asset.

Deferred Gift Arrangements

The College's deferred gift arrangements with donors consist of irrevocable charitable remainder trusts, charitable gift annuities and pooled income funds for which the College is the remainder beneficiary. Assets held in these trusts are included in investments and recorded at their fair value when received. The fair value of these assets included in investments at June 30, 2013 and 2012 was approximately \$25,740,000 and \$24,698,000, respectively. Contribution revenues are recognized at the dates the trusts are established, net of the liabilities recorded for the present value of beneficiary payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount and other changes in the estimates of future benefits. The liability for the present value of deferred gifts is based upon actuarial estimates and assumptions regarding the duration of the arrangements and the assumed discount rate. Discount rates range from 1.0% to 1.6% and are established as of the date of the gift. Circumstances affecting these assumptions can change the estimate of this liability in future periods.

Workers' Compensation

The College recognizes a workers' compensation liability for future payments for current and prior years' claims. The liability is based on estimated future payments discounted to present value at 4.0%.

Endowment and Similar Funds

Included in investments are assets of the College's endowment and similar funds. These institutional funds are invested in perpetuity to produce investment return to support the operations of the College. Investment guidelines are set under the direction of the Investments Committee of the Board of Trustees with the objective to enhance the real market value of the portfolio while providing a relatively predictable and growing stream of revenue to the College's operating budget. The majority of the endowment and similar funds are unitized and invested in a consolidated pool. Nonconsolidated endowed funds are invested separately. Consolidated funds are added to or withdrawn from the pool at the unit fair value of the fund at the beginning of the quarter in which the transaction occurred.

Following is information for the College's endowment and similar funds at June 30:

	2013	2012
Fair value of investments	\$ 868,741,153	\$ 804,912,006
Income utilized for operations	49,824,000	48,814,000
Number of units	10,290,370	10,226,593
Fair value per unit	84.31	78.71
Spending rate per unit	3.98	3.84
Yield per unit	0.54	0.56
Realized gains used to meet spending policy	44,181,697	42,574,791

Spending From Endowment Funds

The College utilizes a "total return" policy for endowment spending. This approach considers current yield (primarily interest and dividends) as well as the net appreciation in the fair value of investments when determining a spending amount. Under this policy, the Board of Trustees establishes a spending rate, which is then applied to the average fair value of investments. Current yield is recorded as revenue, and the difference between current yield and the spending rate produces the use of realized gains spent under the total return formula.

Annually, as part of the College's operating and capital budget plans, the Board approves a spending rate for endowment units. The guideline is to increase per-unit spending annually based on the one-year change in the Higher Education Price Index, lagged one year, provided that the resulting rate does not exceed 5.5% nor fall below 4.5% for the trailing 12-quarter average market value of the fund, lagged one year. For fiscal year 2012/13 the Board approved a total draw on financial assets of up to \$51,324,000. For the year ended June 30, 2013, \$49,824,000 was spent from endowment income, of which \$9,211,329 represents a supplemental draw above per-unit spending. For the year ended June 30, 2012, \$48,814,000 was spent from endowment income, of which \$9,942,400 represents a supplemental draw above per-unit spending.

Internal Revenue Code Status

The College has been granted tax-exempt status as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been recorded in the financial statements.

Asset Retirement Obligations

The College accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Over time, the liability is accreted to its estimated settlement value. Upon settlement of the liability, the College will recognize a gain or loss for any difference between the settlement amount and the liability recorded.

2. FINANCIAL INSTRUMENTS

Investments

Investments consist of the following as of June 30:

	2013	2012
Short-term investments (a)	\$ 10,793,465	\$ 12,974,271
Fixed income – bonds	91,881,336	92,552,800
Marketable real estate (b)	3,424,719	3,419,284
Equity investments		
U.S. stocks	186,966,528	210,109,779
International stocks	146,971,273	135,712,679
Hedge funds (c)	265,968,377	192,656,155
Real estate, oil and gas partnerships	98,533,602	91,400,221
Venture capital/private placements	81,275,275	80,765,572
Institutional mutual fund (d)	20,960,416	22,716,519
Balanced accounts (e)	1,363,216	1,346,117
	\$ 908,138,207	\$ 843,653,397

(a) Amounts temporarily invested in money market instruments, commercial paper, and cash management funds.

(b) Real estate investment trusts and other real estate investments.

(c) Investments in limited partnerships with managers of long and short positions in U.S. and international stocks and bonds, often through offshore fund companies.

(d) A fund investing in commodities, including derivative securities related to commodities, and fixed income.

(e) Amounts invested in equity and fixed income mutual funds.

Short-term investments are intended to provide liquidity for operating and nonoperating activities. Fixed income investments are intended to provide income, liquidity, and diversification benefits. Equity investments, real estate, oil and gas partnerships, venture capital/private placements, institutional mutual funds, and balanced funds are intended to provide growth, income, and diversification benefits.

Total dividends, interest and realized and unrealized gains and losses reflected in operating and nonoperating activities are as follows for the years ended June 30:

	2013	2012
Dividends and interest	\$ 6,005,421	\$ 6,782,156
Realized gains	24,184,349	9,494,519
Unrealized gains (losses)	68,857,093	(1,664,645)
Total return	\$ 99,046,863	\$ 14,612,030

The fair value of the College's investments has been determined in the following manner:

Investments	Fair Value
Short-term investments consisting principally of money market instruments, commercial paper, and cash management funds	At quoted market value which approximates cost
Equity securities, debt securities, mutual funds, shares in real estate investment trusts and other publicly traded securities	At quoted market value
Privately held partnerships, including alternative investments such as private equity and hedge fund limited partnerships	Net asset value as determined by the general partner

The investments portfolio is shown below at fair value by investment asset class and hierarchy, for the years ended June 30, 2013 and 2012 (there have been no investments transfers between levels):

	2013			
	Level 1	Level 2	Level 3	Total
Short-term investments	\$ 10,793,465	\$ —	\$ —	\$ 10,793,465
Fixed income – bonds	91,881,336	—	—	91,881,336
Marketable real estate	3,191,992	—	232,727	3,424,719
Equity investments				
U.S. stocks	125,398,523	14,369,194	47,198,811	186,966,528
International stocks	29,325,568	117,645,705	—	146,971,273
Hedge funds	—	—	265,968,377	265,968,377
Real estate, oil and gas partnerships	—	—	98,533,602	98,533,602
Venture capital/private placements	—	—	81,275,275	81,275,275
Institutional mutual fund	—	—	20,960,416	20,960,416
Balanced accounts	1,363,216	—	—	1,363,216
	<u>\$ 261,954,100</u>	<u>\$ 132,014,899</u>	<u>\$ 514,169,208</u>	<u>\$ 908,138,207</u>

	2012			
	Level 1	Level 2	Level 3	Total
Short-term investments	\$ 12,974,271	\$ —	\$ —	\$ 12,974,271
Fixed income – bonds	92,552,800	—	—	92,552,800
Marketable real estate	3,186,557	—	232,727	3,419,284
Equity investments				
U.S. stocks	111,826,550	46,898,811	51,384,418	210,109,779
International stocks	30,843,048	104,869,631	—	135,712,679
Hedge funds	—	—	192,656,155	192,656,155
Real estate, oil and gas partnerships	—	—	91,400,221	91,400,221
Venture capital/private placements	—	—	80,765,572	80,765,572
Institutional mutual fund	—	—	22,716,519	22,716,519
Balanced accounts	1,346,117	—	—	1,346,117
	<u>\$ 252,729,343</u>	<u>\$ 151,768,442</u>	<u>\$ 439,155,612</u>	<u>\$ 843,653,397</u>

Fair value for Level 1 is based upon quoted prices in active markets that the College has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets.

Fair value for Level 2 is based on quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers. These assets consist of commingled fund investments that the College can enter and exit regularly, with underlying fund assets that are priced on exchanges or in dealer markets. Approximately 97.7% of the underlying investments held by these funds consist of securities with quoted market prices.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable, as they trade infrequently or not at all. Investments included in Level 3 consist of the College's ownership in alternative investments, principally limited partnership interests in hedge, private equity, real estate, and other similar funds. The value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective partnership. Approximately 42.6% of investments held by the partnerships consist of securities with quoted market prices, and 57.4% are securities that do not have readily determinable fair values. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner taking into consideration, among other things, the cost of the securities being appraised, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate.

In accordance with ASU 2010-06 the College is required to disclose significant transfers in or out of Levels 1 and 2. There were no such transfers during the year.

The methods described above may produce a fair value determination that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation methods are appropriate and consistent with methods used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following tables summarize the change in value of investments within Level 3 as defined in the fair value hierarchy above. They also identify as net transfers the capital added and withdrawn from Level 3 investments, which represents capital calls and distributions and portfolio rebalancing:

	June 30, 2012	Purchases	Sales, Settlements	Realized Gain	Unrealized Gain (Loss)	Net Transfers	June 30, 2013
Short-term investments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Fixed income – bonds	—	—	—	—	—	—	—
Marketable real estate	232,727	—	—	—	—	—	232,727
Equity investments							
U.S. stocks	51,384,418	—	—	—	10,814,393	(15,000,000)	47,198,811
International stocks	—	—	—	—	—	—	—
Hedge funds	192,656,155	—	(1,942,643)	193,066	32,061,801	43,000,000	265,968,379
Real estate, oil and gas partnerships	91,400,221	6,007,723	(9,163,532)	446,224	9,842,965	—	98,533,601
Venture capital/private placements	80,765,572	8,956,860	(11,498,032)	2,728,351	322,523	—	81,275,274
Institutional mutual fund	22,716,519	—	—	—	(1,756,103)	—	20,960,416
	<u>\$439,155,612</u>	<u>\$ 14,964,583</u>	<u>\$ (22,604,207)</u>	<u>\$ 3,367,641</u>	<u>\$ 51,285,579</u>	<u>\$ 28,000,000</u>	<u>\$ 514,169,208</u>

	June 30, 2011	Purchases	Sales, Settlements	Realized Gain	Unrealized Gain (Loss)	Net Transfers	June 30, 2012
Short-term investments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Fixed income – bonds	—	—	—	—	—	—	—
Marketable real estate	232,727	—	—	—	—	—	232,727
Equity investments							
U.S. stocks	46,590,257	—	—	—	4,794,161	—	51,384,418
International stocks	—	—	—	—	—	—	—
Hedge funds	182,289,693	—	(491,413)	1,996,669	249,466	8,611,740	192,656,155
Real estate, oil and gas partnerships	82,634,735	13,299,385	(17,107,759)	6,154,327	6,419,533	—	91,400,221
Venture capital/private placements	76,313,497	9,590,446	(7,712,820)	5,335,032	(2,760,583)	—	80,765,572
Institutional mutual fund	26,232,059	—	—	—	(3,515,540)	—	22,716,519
	<u>\$414,292,968</u>	<u>\$ 22,889,831</u>	<u>\$ (25,311,992)</u>	<u>\$ 13,486,028</u>	<u>\$ 5,187,037</u>	<u>\$ 8,611,740</u>	<u>\$ 439,155,612</u>

The following table provides additional disclosures related to funds where fair value is not readily determinable:

Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Liquidity Restrictions
Marketable real estate	\$ 232,727	\$ —	Not applicable	Not applicable	Not applicable
Equity investments					
U.S. stocks	47,198,811	—	Quarterly	60 days	10% gate
Hedge funds					
No lock-ups; monthly liquidity	39,858,262	—	Monthly	15–90 days	Gates from 0–25%
No lock-ups; quarterly liquidity	119,028,997	—	Quarterly	45–90 days	Gates from 0–25%; one fund limits redemptions to 25% per quarter
No lock-ups; annual liquidity	93,780,721	—	Annual	45–65 days	Gates from 0–25%; one fund limits redemptions to 50% per year
With lock-ups	13,300,397	—	Semiannual	65 days	None
Real assets					
Natural resources	62,617,839	24,882,809	Not redeemable	Not redeemable	Not redeemable
Real estate	35,915,763	2,614,126	Not redeemable	Not redeemable	Not redeemable
Venture capital/private placements					
Buyouts	50,640,927	25,892,972	Not redeemable	Not redeemable	Not redeemable
Venture capital	30,634,348	11,718,607	Not redeemable	Not redeemable	Not redeemable
Institutional mutual fund	20,960,416	—	Monthly	10 days	None
	\$ 514,169,208	\$ 65,108,514			

The estimated life of the real assets funds ranges from 7 to 15 years and the venture capital/private placements funds ranges from 7 to 15 years.

3. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following as of June 30:

	2013	2012
Land	\$ 2,125,873	\$ 2,125,873
Land improvements	28,793,829	27,018,323
Buildings and improvements	409,068,254	389,050,496
Equipment (including computers)	82,343,342	78,943,844
Library books	52,253,283	50,191,258
Art works and collectibles	49,897,555	45,218,807
Construction in progress	51,897,941	45,233,371
	676,380,077	637,781,972
Less: Accumulated depreciation	(283,644,465)	(264,713,445)
	\$ 392,735,612	\$ 373,068,527

Depreciation expense for the years ended June 30, 2013 and 2012 was \$19,024,856 and \$18,840,444, respectively.

The College's Board of Trustees approved a capital budget of \$4,868,000 for construction projects in fiscal year 2014. This figure includes project completion costs and retainage that will be paid in the 2014/15 fiscal year. The College Board of Trustees also approved a capital budget of \$125,000,000 for the construction of a new science facility to be constructed over the next three years.

In March 2011 management discovered that a former employee had submitted invoices for payment to several companies purporting to have provided construction services. An internal review determined that these invoices were fraudulent. The matter was immediately reported to the Audit Committee of the Board of Trustees and to local authorities, leading to an independent private investigation and a criminal investigation by local law enforcement. A grand jury indicted the former employee in June 2011, and in January 2012 the case was concluded when the defendant pled guilty. The fraudulent billings amounted to approximately \$2.5 million, recorded as capital expenditures. Through insurance claims and other settlements the College received net recoveries totaling approximately \$2.3 million as of June 30, 2012.

4. LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

	2013	2012
Dormitory Authority of the State of New York Revenue Bonds, Series 2007 , maturing in 2046, with interest ranging from 4% to 5%. The bonds are general obligations of the College.	\$ 117,530,000	\$ 119,260,000
Dormitory Authority of the State of New York Revenue Bonds, Series 2010 , maturing in 2049, with interest of 5%. The bonds are general obligations of the College.	50,000,000	50,000,000
Dutchess County Local Development Corporation Revenue Bonds, Series 2013 , maturing in 2049, with interest ranging from 4% to 5%. The bonds are general obligations of the College.	87,085,000	—
	<u>\$ 254,615,000</u>	<u>\$ 169,260,000</u>

Principal maturities on the long-term debt are as follows as of June 30, 2013:

2014	\$ 1,815,000
2015	1,905,000
2016	2,005,000
2017	735,000
2018	755,000
Thereafter	247,400,000
	<u>\$ 254,615,000</u>

Interest expense for the years ended June 30, 2013 and 2012 was \$7,929,896 and \$8,016,396, respectively.

Management's estimate of the fair value of the College's long-term debt at June 30, 2013 and 2012 approximates \$255,206,000 and \$180,693,000, respectively.

On April 18, 2007, the College entered into an agreement with the Dormitory Authority of the State of New York, which provided for the issuance of \$125,455,000 Vassar College Revenue Bonds, Series 2007. A portion of the proceeds was deposited into trustee escrow accounts to defease the Vassar College Revenue Series 1995 and 2001 Bonds. A portion was received by the College to pay certain costs associated with the issuance, and the remaining amount was deposited into a trustee escrow account to be used for capital renovations and improvements to various facilities throughout the College's campus. The escrowed funds are invested in United States Treasury obligations, which will provide for future payments of all interest, principal and call premiums on the defeased bonds. In order to meet these future obligations, the amount deposited in escrow was greater than the par value of the defeased bonds. Neither the assets of the trustee escrow account nor the outstanding defeased issues are included in the accompanying Statements of Financial Position.

On March 31, 2010, the College entered into an agreement with the Dormitory Authority of the State of New York, which provided for the issuance of \$50,000,000 Vassar College Revenue Bonds, Series 2010. A portion of the proceeds was received by the College to pay certain costs associated with the issuance, and the remaining amount was deposited into a trustee escrow account to be used for capital renovations and improvements to various facilities throughout the College's campus. The funds are invested in United States Treasury obligations.

On June 6, 2013, the College entered into an agreement with the Dutchess County Local Development Corporation, which provided for the issuance of \$87,085,000 Vassar College Revenue Bonds, Series 2013. A portion of the proceeds was received by the College to pay certain costs associated with the issuance, and the remaining amount was deposited into a trustee escrow account to be used for capital renovations and improvements to various facilities throughout the College's campus. The funds are invested in an institutional mutual fund that holds United States Treasury obligations.

The Dormitory Authority of the State of New York and the Dutchess County Local Development Corporation require the College to establish certain reserve funds. As of June 30, included in the caption "deposits held by trustee," are the following:

	2013	2012
Dormitory Authority of the State of New York (Series 2007)		
Construction fund	\$ —	\$ —
Debt service reserve	4,530,106	4,488,248
	<u>4,530,106</u>	<u>4,488,248</u>
Dormitory Authority of the State of New York (Series 2010)		
Construction fund	19,122,904	30,696,043
Debt issuance reserve	—	67,228
Capitalized interest reserve	—	—
Debt service reserve	1,250,042	1,317,260
	<u>20,372,946</u>	<u>32,080,531</u>
Dutchess County Local Development Corporation (Series 2013)		
Construction fund	78,767,370	—
Debt issuance reserve	103,291	—
Capitalized interest reserve	2,166,098	—
	<u>81,036,759</u>	<u>—</u>
	<u>\$ 105,939,811</u>	<u>\$ 36,568,779</u>

In addition, the Dormitory Authority of the State of New York requires the College to maintain certain liquidity ratios.

Line of Credit

The College maintains a line of credit for \$10,000,000 which was unused as of June 30, 2013 and 2012. The College also maintains standby letters of credit in the amount of \$1,324,000 and \$949,000 as of June 30, 2013 and 2012, respectively, which were not accessed during the year.

5. EMPLOYEE BENEFITS — PENSION PLAN

Retirement benefits for substantially all full-time employees are provided under a defined contribution plan with Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments. The College makes monthly contributions to TIAA-CREF and Fidelity based on eligible employees' earnings and age. Contributions for the years ended June 30, 2013 and 2012 totaled approximately \$6,461,000 and \$6,364,000, respectively.

Retirement benefits for secretarial, clerical and technical employees were provided under a defined benefit plan until December 31, 1983. Since 1984, these employees have participated in the defined contribution plan through TIAA-CREF and Fidelity.

Retirement benefits for service, auxiliary and security employees are provided under a defined benefit plan. The College's contributions for the years ended June 30, 2013 and 2012 were \$1,062,700 and \$2,428,000, respectively. Based on the current funding level, the College anticipates making a contribution of at least \$36,700 in 2014.

The following table sets forth information related to the College's defined benefit pension plan:

	2013	2012
Change in projected benefit obligation		
Benefit obligation at beginning of year	\$ 37,511,018	\$ 29,124,001
Service cost	1,097,616	814,263
Interest cost	1,433,367	1,575,506
Plan amendment	—	795,410
Benefits paid	(1,382,516)	(1,311,019)
Actuarial (gain) loss	(3,285,755)	6,512,857
Benefit obligation at end of year	35,373,730	37,511,018
Change in plan assets		
Fair value of plan assets at beginning of year	24,797,741	22,640,221
Actual return on plan assets	2,981,884	1,040,539
Employer contributions	1,062,700	2,428,000
Benefits paid	(1,382,516)	(1,311,019)
Fair value of plan assets at end of year	27,459,809	24,797,741
Funded status at June 30 — amount recognized in Statement of Financial Position	\$ (7,913,921)	\$ (12,713,277)
Amounts recognized in unrestricted net assets		
Net prior service cost	\$ 2,102,446	\$ 2,428,368
Net actuarial loss	11,376,225	16,623,342

The estimated net prior service cost and net actuarial loss for the defined benefit pension plan that will be amortized into net periodic benefit costs over the next fiscal year are \$325,922 and \$583,248, respectively.

The accumulated benefit obligation for the defined benefit pension plan was \$35,373,730 and \$37,511,018 as of June 30, 2013 and 2012, respectively.

Components of net periodic benefit cost for the years ended June 30 are as follows:

	2013	2012
Service cost	\$ 1,097,616	\$ 814,263
Interest cost	1,433,367	1,575,506
Expected return on plan assets	(1,988,360)	(1,973,613)
Amortization of prior service cost	325,922	360,966
Recognized actuarial loss	967,838	478,752
Net periodic pension cost	\$ 1,836,383	\$ 1,255,874

Other changes in plan assets and benefit obligations recognized in unrestricted net assets for the years ended June 30 are as follows:

	2013	2012
Prior service cost arising during period	\$ —	\$ (795,410)
Net actuarial gain (loss)	4,279,279	(7,445,931)
Amortization of prior service cost	325,922	360,966
Amortization of actuarial loss	967,838	478,752
Total recognized in nonoperating activities	\$ 5,573,039	\$ (7,401,623)

The weighted average rates forming the basis of net periodic benefit cost and amounts recognized in the College's Statements of Financial Position at June 30 are as follows:

	2013	2012
Year-end benefit obligation		
Discount rate	4.60 %	3.90 %
Rate of compensation increase	4.00 %	4.00 %
Net periodic benefit cost		
Discount rate	3.90 %	5.40 %
Expected return on plan assets	8.10 %	8.50 %
Rate of compensation increase	4.00 %	4.00 %

The discount rate as of June 30, 2012 was used to estimate the benefit obligation as of that date, and was used to estimate the annual expense for 2013. The discount rate as of June 30, 2013 was used to estimate the benefit obligation as of that date, and will be used to estimate the annual expense for 2014.

The expected long-term rate of return assumption represents the expected average rate of return or earnings on funds invested or to be invested to provide for the benefits included in the benefit obligations. This assumption is based on a number of factors, including historical market index returns, the anticipated long-term asset allocation of the plan, historical plan return data, plan expenses and the potential to outperform market index returns.

The estimated future benefit payments from the plan are as follows:

2014	\$ 1,587,000
2015	1,631,000
2016	1,671,000
2017	1,766,000
2018	1,852,000
Succeeding 5 years	10,404,000

Defined Benefit Plan Investment Policy

The Committee on Investments of the Board of Trustees directs the investment of the Plan's assets. The Committee has established a formal investment policy for the plan, the goal of which is to generate a long-term real rate of return of 5.5% – 6.0% while sustaining moderate levels of risk. Target weightings for asset classes in the investment policy have been established based upon long-term expected real rates of return and correlation of returns as developed by the College's investment consultant and staff. These target weightings, bounded by allowable ranges, are expected to allow the Plan assets to meet their objectives over the long-term with respect to investment return, volatility, and liquidity.

Target and actual weightings for each asset class in the Plan are as follows:

Asset Mix	2014 Target	Actual June 30	
		2013	2012
Equities	60 %	59 %	59 %
Fixed income	30	30	30
Real estate	10	10	10
Other	0	1	1
	100 %	100 %	100 %

The Plan's investments by asset class and fair value hierarchy for the years ended June 30, 2013 and 2012 are as follows:

	2013			
	Level 1	Level 2	Level 3	Total
Common/collective trusts	\$ —	\$ 27,306,762	\$ —	\$ 27,306,762
Real estate, oil and gas partnerships	—	—	82,094	82,094
Venture capital/private placements	—	—	70,953	70,953
	\$ —	\$ 27,306,762	\$ 153,047	\$ 27,459,809

	2012			
	Level 1	Level 2	Level 3	Total
Common/collective trusts	\$ —	\$ 24,609,601	\$ —	\$ 24,609,601
Real estate, oil and gas partnerships	—	—	97,445	97,445
Venture capital/private placements	—	—	90,695	90,695
	\$ —	\$ 24,609,601	\$ 188,140	\$ 24,797,741

The following table summarizes the change in value of the Plan's investments within Level 3 as defined in the fair value hierarchy above. It also identifies as net transfers the capital added and withdrawn from Level 3 investments, which represents capital calls and distributions and portfolio rebalancing:

	Beginning	Purchases	Sales	Realized Gain	Unrealized Gain	Ending
Real estate, oil and gas partnerships	\$ 97,445	\$ —	\$ (28,808)	\$ 18,570	\$ (5,113)	\$ 82,094
Venture capital/private placements	90,695	—	(34,841)	21,276	(6,177)	70,953
	\$ 188,140	\$ —	\$ (63,649)	\$ 39,846	\$ (11,290)	\$ 153,047

The College uses the Net Asset Value (NAV) as determined by each general partner as the fair value of all Plan fund investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table provides additional disclosures related to these funds:

Category	Value	Commitments	Frequency	Period	Restrictions
Real assets					
Natural resources	\$ 82,094	\$ 27,600	Not redeemable	Not redeemable	Not redeemable
Venture capital/private placements					
Venture capital	70,953	8,000	Not redeemable	Not redeemable	Not redeemable
	\$ 153,047	\$ 35,600			

6. EMPLOYEE BENEFITS — POST-RETIREMENT HEALTH INSURANCE

The College provides post-retirement medical benefits for certain retirees and employees. The cost of post-retirement benefits is accrued as earned during an employee's service with the College.

During 2011 the College adopted a plan revision that establishes an annual account for each eligible retiree, which is to be used to cover qualified medical expenses as defined by the Internal Revenue Service.

The following table presents the post-retirement medical plan's funded status and amounts recognized in the financial statements. The calculations were based upon data as of July 1, 2012 and 2011, the latest available actuarial valuation date.

	Post-Retirement Benefits	
	2013	2012
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 29,733,118	\$ 25,343,000
Service cost	1,939,947	1,676,000
Interest cost	1,108,791	1,337,000
Plan participants' contributions	12,648	24,215
Retiree drug subsidy receipts	—	100,714
Benefits paid	(674,517)	(755,035)
Actuarial (gain) loss	(5,255,351)	2,007,224
Benefit obligation at end of year	26,864,636	29,733,118
Change in plan assets		
Fair value of plan assets at beginning of year	—	—
Retiree drug subsidy receipts	—	100,714
Employer contributions	661,869	630,106
Plan participants' contributions	12,648	24,215
Benefits paid	(674,517)	(755,035)
Fair value of plan assets at end of year	—	—
Funded status at June 30 — amount recognized in Statements of Financial Position	\$ (26,864,636)	\$ (29,733,118)
Amounts recognized in unrestricted net assets		
Net prior service credit	\$ 6,431,000	\$ 8,696,000
Net actuarial loss	(6,943,001)	(13,575,224)

The estimated net prior service credit and net actuarial loss for the post-retirement plan that will be amortized into net periodic benefit costs over the next fiscal year are \$2,075,000 and \$560,000, respectively.

The College funds its post-retirement medical benefits on a cash basis. The College's contributions in the next fiscal year are anticipated to be \$932,000.

	2013	2012
Components of net periodic benefit cost		
Service cost	\$ 1,939,947	\$ 1,676,000
Interest cost	1,108,791	1,337,000
Amortization of prior service cost	(2,265,000)	(3,999,000)
Recognized actuarial loss	1,376,872	1,309,000
Total post-retirement benefit cost	\$ 2,160,610	\$ 323,000

Other changes in plan assets and benefit obligations recognized in unrestricted net assets for the years ended June 30 are as follows:

	2013	2012
Net prior service credit	\$ —	\$ —
Net actuarial gain (loss)	5,255,351	(2,007,224)
Amortization of:		
Prior service credit	(2,265,000)	(3,999,000)
Actuarial gain	1,376,872	1,309,000
Prior service credit arising from plan change	—	—
Total recognized in nonoperating activities	\$ 4,367,223	\$ (4,697,224)

The estimated future benefit payments are as follows:

	Gross	Medicare Subsidy	Net
2014	\$ 1,073,056	\$ —	\$ 1,073,056
2015	1,112,495	—	1,112,495
2016	1,137,304	—	1,137,304
2017	1,218,727	—	1,218,727
2018	1,334,018	—	1,334,018
Succeeding 5 years	8,289,891	—	8,289,891

Assumed health care cost trend rates have a significant effect on the amounts reported for the post-retirement benefit plan. Assumed health care cost trends are 7.57% and 7.81% for the years ended June 30, 2013 and 2012, respectively, decreasing at a rate between 0.21% and 0.25% annually over the expected life of the plan.

A one-percentage-point change in the assumed health care cost trend rates would have the following effects at June 30:

	2013	2012
Effect of 1% increase in health care cost trend rate		
Change in aggregate of current service cost and interest cost	\$ 644,413	\$ 726,133
Change in accumulated post-retirement benefit obligation	4,058,166	4,314,275
Effect of 1% decrease in health care cost trend rate		
Change in aggregate of current service cost and interest cost	(513,474)	(570,361)
Change in accumulated post-retirement benefit obligation	(3,370,640)	(3,582,841)

The subsidy related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 was recognized during 2010. The liability shown for the year ended June 30, 2010 reflects the employer subsidy for that year. The need to consider a future employer subsidy for prescription drugs has been eliminated as a result of the plan revision during 2011.

The weighted average rates forming the basis of net periodic benefit cost and amounts recognized in the College's Statements of Financial Position were as follows:

	2013	2012
Year-end benefit obligation		
Discount rate	4.50 %	3.80 %
Net periodic benefit cost		
Discount rate	3.80 %	5.40 %

7. ENDOWMENT

The College endowment consists of approximately 900 individual donor-restricted endowment funds and 100 board-designated endowment funds for a variety of purposes. Pledges receivable and split interest agreements that have been designated for endowment are not considered to be part of the endowment until the funds are received. The net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The New York Prudent Management of Institutional Funds Act (NYPMIFA) became effective on September 17, 2010 and governs the management and investment of funds held by not-for-profit corporations and other institutions. Absent donor stipulations to the contrary, the statutory guidelines contained in NYPMIFA relate to the prudent management, investment and expenditure of donor-restricted endowment funds without regard to the original value of the gifts. NYPMIFA contains specific factors that must be considered prior to making investment decisions or appropriating funds for expenditure. For accounting purposes, the College applied the concepts included in NYPMIFA and ASC 958, Not-for-Profit Entities (formerly FASB Staff Position No. 117-1), regarding classification of accumulated total return as temporarily restricted net assets as of June 30, 2010 for the year ended June 30, 2011. Accordingly, accumulated total return of \$286,569,774 as of June 30, 2010 was reclassified to temporarily restricted net assets from unrestricted net assets, as a cumulative effect of change in accounting principle.

The Board of Trustees has interpreted its fiduciary responsibilities for donor-restricted endowment funds under NYPMIFA to include the preservation of intergenerational equity to the extent possible by prudently managing, investing and spending from the endowment funds. As a result of this interpretation, the College classifies as permanently restricted net assets the unappropriated portion of (a) the original value of gifts donated to a true endowment fund, (b) the original value of subsequent gifts to a true endowment fund, and (c) accumulations to a true endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unspent appropriations related to donor-restricted endowment funds are classified as temporarily restricted net assets until the amounts are expended by the College in a manner consistent with the donor's intent. The remaining portion of the endowment fund that is not classified in permanently restricted or temporarily restricted net assets is classified as unrestricted net assets for expenditures that do not carry donor restrictions.

The College considers the following factors in making a determination to appropriate or accumulate endowment funds:

1. The duration and preservation of the fund
2. The purposes of the College and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the College
7. The investment policies of the College.

The College's endowment net asset composition by type of fund as of June 30 is:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
Donor-restricted endowment funds	\$ —	\$ 445,875,905	\$ 276,456,564	\$ 722,332,469	\$ 660,996,391
Funds functioning as endowment	146,408,684	—	—	146,408,684	143,915,615
Adjustment for underwater funds	(152,083)	152,083	—	—	—
Total endowment funds	\$ 146,256,601	\$ 446,027,988	\$ 276,456,564	\$ 868,741,153	\$ 804,912,006

The College's changes in endowment net assets for the year ended June 30 are:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
Net endowment assets at June 30, 2012	\$ 143,271,504	\$ 398,336,939	\$ 263,303,563	\$ 804,912,006	\$ 814,130,058
Gifts and transfers					
Gifts received	1,414,721	—	11,709,935	13,124,656	14,737,743
Transfers and gifts further designated	1,377,183	—	1,307,671	2,684,854	2,821,048
Investment return					
Net gains (losses)	15,045,147	76,079,912	—	91,125,059	15,611,923
Amounts appropriated for spending	(15,408,588)	(28,773,109)	—	(44,181,697)	(42,574,791)
Income reinvested	64,606	876,274	135,395	1,076,275	186,025
Underwater endowment					
Current year appropriation of funds to cover permanent endowments where fair value is less than historic dollar value	492,028	(492,028)	—	—	—
Net endowment assets at June 30, 2013	\$ 146,256,601	\$ 446,027,988	\$ 276,456,564	\$ 868,741,153	\$ 804,912,006

Endowment Funds With Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts. When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$152,083 and \$644,111 as of June 30, 2013 and 2012, respectively. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized appropriation that was deemed prudent.

8. COMMITMENTS AND CONTINGENCIES

Operating Leases

At June 30, 2013, minimum annual commitments under operating leases for office equipment and buildings are as follows:

June 30, 2014	\$ 241,000
2015	186,000
2016	174,000
2017	182,000
2018	193,000
Years thereafter	28,708,000
Total	\$ 29,684,000

Litigation

In the normal course of business, the College has been named a defendant in various claims. Although there can be no assurance as to the eventual outcome of litigation in which the College has been named, in the opinion of management, such litigation will not, individually or in the aggregate, have a material adverse effect on the College's financial position, statements of activities, or cash flows.

9. SUBSEQUENT EVENTS

The College has performed an evaluation of subsequent events through October 24, 2013, the date on which the financial statements were issued.



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