Grand View University

Financial Report
June 30, 2018

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Contents

RSM US LLP

Independent Auditor's Report

To the Board of Trustees
Grand View University

Report on the Financial Statements
We have audited the accompanying financial statements of Grand View University, which comprise the statements of financial position as of June 30, 2018 and 2017, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand View University as of June 30, 2018 and 2017, 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.

RSM US LLP

Des Moines, Iowa
October 9, 2018

Grand View University

Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 440,216	$ 1,621,393
Student and other receivables, net	1,230,081	989,655
Prepaid expenses	738,642	756,219
Inventories	314,821	335,177
Contributions receivable, net	1,587,332	1,896,457
Investments	25,575,660	23,153,090
Student loans receivable, net	1,153,717	1,156,706
Other assets	76,928	74,885
Debt service reserve fund	2,004,643	2,072,804
Interest rate swap asset	670,383	-
Land, buildings and equipment, net	83,737,584	85,774,460
Total assets	$ 117,530,007	$ 117,830,846
Liabilities and Net Assets		
Liabilities:		
Line of credit	$ 1,500,000	$ -
Accounts payable	1,375,768	1,120,856
Student deposits	551,816	492,840
Accrued expenses	3,269,929	3,286,466
Notes and bonds payable, net	46,086,184	49,849,117
Interest rate swap liability	-	36,162
Advances from federal government for student loans and grants	829,030	917,773
Total liabilities	53,612,727	55,703,214
Net assets:		
Unrestricted:		
Operations	17,895,167	17,707,326
Board designated:		
United States government loan program	241,971	303,062
Long-term investment	1,072,201	1,181,999
Total unrestricted net assets	19,209,339	19,192,387
Temporarily restricted	28,853,138	29,040,148
Permanently restricted	15,854,803	13,895,097
Total net assets	63,917,280	62,127,632
Total liabilities and net assets	$ 117,530,007	$ 117,830,846

See notes to financial statements.

Grand View University

Statement of Activities
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues:				
Student tuition and fees	$ 41,372,971	$ -	$ -	$ 41,372,971
Scholarships and fellowships	(18,502,075)	-	-	(18,502,075)
Net tuition and fees	22,870,896	-	-	22,870,896
Gifts	290,703	477,802	-	768,505
Grants	219,208	479,434	-	698,642
Investment income	303,735	659,413	-	963,148
Sales and services of auxiliary enterprises	8,222,454	-	-	8,222,454
Other income, net	648,421	375,281	-	1,023,702
Net assets released from restrictions	2,936,362	(2,936,362)	-	-
Total operating revenues	35,491,779	(944,432)	-	34,547,347
Operating expenses:				
Instruction and research	11,831,318	-	-	11,831,318
Academic support	2,811,899	-	-	2,811,899
Student services	7,509,056	-	-	7,509,056
Institutional support	7,332,562	-	-	7,332,562
Auxiliary enterprises	6,916,625	-	-	6,916,625
Total operating expenses	36,401,460	-	-	36,401,460
Change in net assets from operating activities	(909,681)	(944,432)	-	(1,854,113)
Nonoperating activities:				
Contributions restricted for building and equipment	-	566,959	-	566,959
Gifts for nonoperating purposes	-	-	1,959,706	1,959,706
Net assets released from restrictions	386,137	(386,137)	-	-
Change in fair value of interest rate swap	706,545	-	-	706,545
Investment income reduced by the portion of cumulative investment income designated for current operations, net of expenses	(166,049)	576,600	-	410,551
Change in net assets from nonoperating activities	926,633	757,422	1,959,706	3,643,761
Change in net assets	16,952	(187,010)	1,959,706	1,789,648
Net assets at beginning of year	19,192,387	29,040,148	13,895,097	62,127,632
Net assets at end of year	$ 19,209,339	$ 28,853,138	$ 15,854,803	$ 63,917,280

See notes to financial statements.

Grand View University

Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues:				
Student tuition and fees	$ 41,092,775	$ -	$ -	$ 41,092,775
Scholarships and fellowships	(17,200,670)	-	-	(17,200,670)
Net tuition and fees	23,892,105	-	-	23,892,105
Gifts	312,041	394,773	-	706,814
Grants	200,485	539,126	-	739,611
Investment income	277,075	498,206	-	775,281
Sales and services of auxiliary enterprises	8,063,207	-	-	8,063,207
Other income, net	685,662	394,164	-	1,079,826
Net assets released from restrictions	2,121,149	(2,121,149)	-	-
Total operating revenues	35,551,724	(294,880)	-	35,256,844
Operating expenses:				
Instruction and research	11,527,401	-	-	11,527,401
Academic support	2,888,919	-	-	2,888,919
Student services	7,331,397	-	-	7,331,397
Institutional support	7,153,562	-	-	7,153,562
Auxiliary enterprises	6,957,042	-	-	6,957,042
Total operating expenses	35,858,321	-	-	35,858,321
Change in net assets from operating activities	(306,597)	(294,880)	-	(601,477)
Nonoperating activities:				
Contributions restricted for building and equipment	-	169,868	-	169,868
Gifts for nonoperating purposes	-	-	935,158	935,158
Change in fair value of interest rate swap	1,111,180	-	-	1,111,180
Investment income reduced by the portion of cumulative investment income designated for current operations, net of expenses	4,798	1,407,460	-	1,412,258
Change in net assets from nonoperating activities	1,115,978	1,577,328	935,158	3,628,464
Change in net assets	809,381	1,282,448	935,158	3,026,987
Net assets at beginning of year	18,383,006	27,757,700	12,959,939	59,100,645
Net assets at end of year	$ 19,192,387	$ 29,040,148	$ 13,895,097	$ 62,127,632

See notes to financial statements.

Grand View University

Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	**$ 1,789,648**	$ 3,026,987
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**3,723,093**	3,644,945
Amortization	**56,540**	6,947
Realized and unrealized gains on investments, net	**(788,433)**	(1,636,081)
Noncash contributions	**(442,248)**	(80,421)
Contributions and income restricted for long-term investment	**(2,526,665)**	(1,105,026)
Change in fair value of interest rate swap	**(706,545)**	(1,111,180)
Changes in assets and liabilities:		
Student and other receivables	**(240,426)**	(94,262)
Student loans receivable	**79,512**	57,354
Prepaid expenses	**17,577**	8,755
Inventories	**20,356**	(6,434)
Other assets	**(2,043)**	(1,960)
Contributions receivable	**309,125**	1,614,011
Accounts payable	**286,789**	(33,684)
Student deposits	**58,976**	(26,603)
Accrued expenses	**(16,537)**	12,061
Net cash provided by operating activities	**1,618,719**	4,275,409
Cash flows from investing activities:		
Purchase of investments	**(21,427,457)**	(3,011,304)
Proceeds from sales and maturities of investments	**20,161,842**	1,976,303
Purchase of land, buildings and equipment	**(1,718,094)**	(2,710,689)
Issuance of student loans receivable	**(322,760)**	(248,000)
Payments from student loans receivable	**246,237**	240,524
Net cash used in investing activities	**(3,060,232)**	(3,753,166)
Cash flows from financing activities:		
Net proceeds from line of credit	**1,500,000**	-
Payments on notes and bonds payable	**(3,819,473)**	(2,909,444)
Advances from federal government for student loans and grants	**(88,743)**	(57,797)
Contributions and income restricted for long-term investments	**2,668,552**	1,150,202
Net cash provided by (used in) financing activities	**260,336**	(1,817,039)
Net decrease in cash and cash equivalents	**(1,181,177)**	(1,294,796)
Cash and cash equivalents:		
Beginning	**1,621,393**	2,916,189
Ending	**$ 440,216**	$ 1,621,393

(Continued)

Grand View University

Statements of Cash Flows (Continued)
Years Ended June 30, 2018 and 2017

	2018	2017
Supplemental disclosure of cash flow information:		
Cash payments for interest	**$ 1,789,137**	$ 2,009,611
Supplemental disclosure of noncash investing and financing activities:		
Purchase of property and equipment on account	**$ 53,676**	$ 85,553

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies and Related Matters

Nature of operations: Grand View University (the University) is a private, liberal arts institution located in Des Moines, Iowa, serving primarily students from Iowa. It is affiliated with the Evangelical Lutheran Church in America and is accredited by the Higher Learning Commission for baccalaureate degrees as well as master's degrees.

Basis of presentation: The financial statements of the University have been prepared on the accrual basis of accounting. The University has adopted authoritative accounting guidance for not-for-profit organizations, which requires that resources be classified for reporting purposes into three net asset categories according to the existence or absence of donor-imposed restrictions.

Descriptions of the three net asset categories and types of transactions affecting each category follow:

Unrestricted net assets: Net assets not subject to donor-imposed restrictions.

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions that may or will be met either by actions of the University or the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed restrictions to be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Accounting estimates: The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 statement of financial position and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents include interest-bearing money market accounts and other investments with a maturity of less than three months at the date of purchase other than money market mutual funds included in the investment portfolio. Cash at June 30, 2018 and 2017, included $6,095 and $153,977, respectively, restricted to use in the Federal Perkins Loan Program.

Accounts and loans receivable: Accounts receivable are carried at the unpaid balance of the original amount billed to students net of allowance for doubtful accounts of $377,856 and $283,374 at June 30, 2018 and 2017, respectively. Student loans receivable are carried at the amount of unpaid principal net of allowance for doubtful accounts of $354,120 and $290,533 at June 30, 2018 and 2017, respectively. Management determines the allowance for doubtful accounts by calculating a specific percent reserve on the aging of the accounts based on historical experience and by identifying specific past due amounts. Student accounts and loans receivable are written off when deemed uncollectible and when student loans receivable are assigned to the U.S. Department of Education. Recoveries of student accounts and loans receivable previously written off are recorded when received. Recoveries totaled approximately $30,500 and $24,600 for the years ended June 30, 2018 and 2017, respectively. The provisions for bad debts, net, charged to expense totaled approximately $94,000 and $70,000 for the years ended June 30, 2018 and 2017, respectively.

Interest is charged on student accounts receivable that is past due and is recognized as it is charged. A student account receivable is considered to be past due if any portion of the receivable balance is outstanding at the beginning of the term following the term to which the charges relate or if payments are not received as agreed upon. Once a receivable is sent to a collection agency, accrual of interest is suspended and recorded only if collected.

Note 1. Summary of Significant Accounting Policies and Related Matters (Continued)

Interest is charged and recognized on student loans receivable after a student is no longer enrolled in an institution of higher education and after a grace period. Interest is recognized as charged. Late fees are charged if payments are not paid by the payment due date and are recognized as they are received. Students may be granted a deferment, forbearance or cancellation of their student loan receivable based on eligibility requirements defined by the U.S. Department of Education or, in the case of loan funds of the University, based on the respective program.

Inventories: Bookstore inventories are stated at the lower of weighted average cost or market.

Investments: Investments in equity and debt securities are recorded at fair value with gains and losses included in the statements of activities. Other investments are carried at fair value, measured using net asset value (NAV) as the practical expedient as provided by the fund manager. Investments in certificates of deposits and money market funds are recorded at cost which approximates fair value.

Debt service reserve fund: Debt service reserve fund is held in an interest-bearing account and carried at cost.

Land, buildings and equipment: Land, buildings and equipment are stated at cost or, if received by gift, at the market or appraised value at the date of gift. Depreciation is provided on the straight-line basis over the estimated useful lives of depreciable property and equipment. Interest is capitalized on construction projects with construction periods of greater than one year.

	Years
Buildings	20-60
Equipment and vehicles	3-10

Advances from federal government for student loans and grants: Funds provided by the United States government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the United States government and are included as a liability in the statements of financial position.

Revenue recognition: Revenues are reported as an increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are recorded when earned and are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date received. Contributions with donor-imposed restrictions that are met within the same reporting period are reported as temporarily restricted revenues, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Note 1. Summary of Significant Accounting Policies and Related Matters (Continued)

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts are recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The University determines the allowance for doubtful contributions by identifying troubled receivables and using historical experience applied on aging contributions receivable.

Contributions of exhaustible long-lived assets, or of cash or other assets to be used to acquire them, without donor stipulations concerning the use of such long-lived assets, is reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released over the estimated useful lives of the long-lived assets using the University's depreciation policy.

Income and net unrealized and realized gains on investments are reported as follows:

- Increases in permanently restricted net assets if the terms of the gift or the interpretation of relevant State law require that they be added to the principal of a permanent endowment fund.
- Increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income.
- Increases in unrestricted net assets in all other cases.

Tuition and fees are recognized as unrestricted revenue in the applicable enrollment period that the University provides services to its students. Revenue from auxiliary enterprises is recognized when goods or services are provided.

Scholarships and fellowships: Scholarships and fellowships are offered by the University to attract and retain students. The University offers institutional support to students in the form of merit-based scholarships and need-based fellowships at the University's discretion.

Income taxes: The University is recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The University may be subject to federal and state income taxes on any net income from unrelated business activities. The University files a Form 990 (Return of Organization Exempt from Income Tax) annually and unrelated business income (UBI) is reported on Form 990-T, as appropriate. Management has evaluated their material tax positions, which include such matters as the tax exempt status of the entity and various positions relative to potential sources of UBI. As of June 30, 2018 and 2017, there were no uncertain tax benefits identified and recorded as a liability.

Functional expenses: Fundraising expenses for the University consist of development, alumni, grant services and capital campaign costs. Total fundraising expenses for the years ended June 30, 2018 and 2017, were approximately $782,000 and $846,000, respectively. The following schedule incorporates fundraising expenses into a schedule of functional expenses:

	2018	2017
Program services	$ 29,068,898	$ 28,704,759
Supporting activities:		
Management and general	6,550,211	6,307,130
Fundraising	782,351	846,432
	$ 36,401,460	$ 35,858,321

Note 1. Summary of Significant Accounting Policies and Related Matters (Continued)

Operating and nonoperating activities: The University has reported its activities as operating or nonoperating. Operating activities are an integral part of the programs, services and mission of the University. Nonoperating activities do not directly affect the programs and services of the University, such as contributions restricted for land, buildings and equipment or permanently restricted contributions. The difference between investment return and the spending rate is reported as a nonoperating activity.

Conditional asset retirement obligations: The University recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which it is incurred, in accordance with authoritative accounting guidance regarding asset retirement obligations. The University has a liability recorded of approximately $153,000 for both of the years ended June 30, 2018 and 2017, which is included with accrued expenses on the statements of financial position.

Concentration of credit risk: The University had cash balances and certificates of deposit with financial institutions in excess of FDIC-insured limits during the year ended June 30, 2018. The University has not experienced any losses due to these concentrations.

Fair value measurements: In general, fair value measurements are based upon quoted market prices, where available. If quoted market prices are not available, fair value measurements are estimated using relevant market information and other assumptions as described in Note 11.

Derivative financial instruments: Changes in the fair value of derivatives during the year are reported in the statement of activities. The University's participation in interest rate swap agreements as described in Note 6 are considered derivative financial instruments and have been reported in the statements of financial position at June 30, 2018 and 2017, at fair value. Changes in the fair value of the University's participation in the agreements during the year are reported in the statements of activities as change in fair value of interest rate swap agreements. The net cash received or paid under the terms of the University's participation is reported as a component of interest expense.

Subsequent events: Subsequent events have been evaluated for potential recognition and disclosure through October 9, 2018, the date the financial statements were issued.

Recent accounting pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows. The standard is effective for not-for-profit organizations for periods beginning after December 15, 2017. Early application of the amendments is permitted. Management has evaluated the impact that the adoption of this update will have on its financial reporting and anticipates expanded disclosures. In addition, the University will be required to release gifts restricted for acquisition or construction of long-lived assets under the placed-in service approach. The University has estimated this will result in the release of approximately $17,900,000 of temporarily restricted net assets once adopted.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the University for periods beginning after December 31, 2017. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The adoption of ASU 2016-18 is not expected to have a material impact on the financial statements.

Note 1. Summary of Significant Accounting Policies and Related Matters (Continued)

In May 2014, the FASB issued ASU No. 2014-09 as revised by ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606*), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The updated standard will be effective for annual reporting periods beginning after December 31, 2017. The University has evaluated the effect that the updated standard will have on the financial statements, and does not anticipate a significant impact on the financial statements other than expanded disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, that clarifies and improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations. The updated standard will be effective for annual periods beginning after December 15, 2018. The University is currently evaluating the potential impact that the adoption of this update will have on its financial reporting.

Note 2. Contributions Receivable

Unconditional promises to give at June 30, 2018 and 2017, are summarized as follows:

	2018	2017
Restricted for time	$ 51,422	$ 72,143
Restricted for instruction and operational support	126,200	255,000
Restricted for student scholarships and services	128,500	149,500
Restricted for purchase or renovation of property and equipment	1,335,051	1,477,281
Gross unconditional promises to give	1,641,173	1,953,924
Less allowance for uncollectible unconditional promises	(12,571)	(14,653)
Less unamortized discount at rates from 1.01% to 1.89%	(41,270)	(42,814)
Net unconditional promises to give	$ 1,587,332	$ 1,896,457

	2018	2017
Amount due in:		
Less than one year	$ 765,213	$ 817,742
One year to five years	829,802	1,083,109
Over five years	46,158	53,073
Gross unconditional promises to give	$ 1,641,173	$ 1,953,924

Included in gross unconditional promises to give are approximately $1,106,000 and $1,156,000 from members of the Board of Trustees, affiliates of the Board, and officers and employees of the University as of June 30, 2018 and 2017, respectively.

Note 3. Investments

The University's long-term investment portfolio at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Endowment investments:		
Equities:		
U.S. common stocks	$ 3,445,088	$ 1,201,388
Emerging market common stocks	-	1,261,864
Bonds:		
Government securities	1,410,211	1,071,604
Corporate bonds	1,290,414	970,799
Equity mutual funds:		
U.S.—large cap	4,828,889	4,736,862
Non-U.S.—large cap	4,967,404	3,928,725
Fixed income mutual funds:		
U.S.—total return	1,377,979	2,320,426
Non-U.S.—total return	1,014,339	1,217,846
Alternative investments:		
Absolute return	3,753,767	3,192,989
Private equity	873,217	374,087
Real assets mutual fund	1,690,704	1,660,136
Money market funds	370,104	626,788
	25,022,116	22,563,514
Non-endowment investments:		
Certificates of deposit	-	90,540
Money market funds	362	2,472
Other	553,182	496,564
	553,544	589,576
	$ 25,575,660	$ 23,153,090

Investment income for the years ended June 30, 2018 and 2017, consisted of the following:

	2018	2017
Interest and dividends	$ 672,858	$ 628,072
Realized gains and losses, net	615,733	21,706
Unrealized gains and losses, net	172,700	1,614,375
Investment management fees	(87,592)	(76,614)
	$ 1,373,699	$ 2,187,539

The investments of the University are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Note 4. Student Loans Receivable

The University makes uncollateralized loans to students based on financial need. Student loans are funded through Federal government loan programs or institutional resources. Student loans represented 0.98 percent of total assets as of both June 30, 2018 and 2017.

At June 30, 2018 and 2017, student loans consisted of the following:

	2018	2017
Federal government programs	$ 1,419,114	$ 1,360,827
Institutional programs	88,723	86,412
	1,507,837	1,447,239
Less allowance for doubtful accounts:		
Beginning of the year	(290,533)	(250,323)
(Increases) decreases	(63,587)	(40,210)
End of year	(354,120)	(290,533)
Student loans receivable, net	$ 1,153,717	$ 1,156,706

The University participates in the Perkins Loan federal revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government are ultimately refundable to the government and are classified as liabilities in the statement of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

At June 30, 2018 and 2017, the following amounts were past due under student loan programs:

	2018	2017
Past due 1-60 days	$ 2,558	$ -
Past due 60-90 days	450	6,058
Past due more than 90 days	411,585	386,175
Total past due	$ 414,593	$ 392,233

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Federal student loans receivable are written off when deemed uncollectible and when student loans receivable may be assigned to the U.S. Department of Education. Institutional loan balances are written off only when they are deemed to be permanently uncollectible.

Note 4. Student Loans Receivable (Continued)

For each class of financing receivable, the following presents the recorded investment by credit quality indicator as of June 30, 2018:

	Federal Loans	Institutional Loans	Total
Performing	$ 1,064,526	$ 31,726	$ 1,096,252
Nonperforming	354,588	56,997	411,585
	$ 1,419,114	$ 88,723	$ 1,507,837

For each class of financing receivable, the following presents the recorded investment by credit quality indicator as of June 30, 2017:

	Federal Loans	Institutional Loans	Total
Performing	$ 1,031,480	$ 29,584	$ 1,061,064
Nonperforming	329,347	56,828	386,175
	$ 1,360,827	$ 86,412	$ 1,447,239

For student loans, the credit quality indicator is performance determined by delinquency status (90 days or more past due). Delinquency status is updated monthly by the University's loan servicer. Federal Perkins Loans that are originated and serviced properly under Department of Education regulations can be assigned to the Department of Education when deemed no longer collectible. The University is not aware of any material amount of loans not properly originated or serviced under Department of Education regulations.

Note 5. Land, Buildings and Equipment

Land, buildings and equipment at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Land	$ 10,312,939	$ 10,300,176
Buildings	93,783,128	93,068,830
Rental properties	766,546	710,674
Vehicles	362,137	339,522
Equipment	20,356,344	19,310,096
Construction in progress	109,882	306,544
	125,690,976	124,035,842
Less accumulated depreciation	41,953,392	38,261,382
	$ 83,737,584	$ 85,774,460

Note 6. Notes, Bonds Payable and Line of Credit

Notes and bonds payable at June 30, 2018 and 2017, were comprised of the following:

	2018	2017
Iowa Higher Education Loan Authority (IHELA):		
Loan agreement maturing 2034 (A)	$ 19,660,000	$ 20,055,000
Loan agreement maturing 2035 (B) (F)	12,435,000	12,915,000
Loan agreements maturing 2021 and 2035 (C) (F)	6,650,000	8,900,000
City of Altoona, loan agreement maturing 2022 (D) (F)	1,330,224	1,609,697
City of Bondurant, loan agreement maturing 2035 (E) (F)	6,820,000	7,235,000
	46,895,224	50,714,697
Unamortized bond discount and premium	(169,888)	(164,788)
Unamortized debt issuance costs	(639,152)	(700,792)
	$ 46,086,184	$ 49,849,117

(A) The agreement dated February 1, 2015, and maturing October 1, 2034, was entered into by the University for the purpose of refunding an IHELA loan agreement, that was originally issued for the purpose of financing construction, improvement, and equipping of various campus student housing, classroom, office and athletic facilities. Interest is payable semiannually on April 1 and October 1, and principal is payable annually beginning October 1, 2015. The bonds bear interest at rates ranging from 3.00 percent to 4.25 percent. The bonds are callable in whole or part by the borrower on or after October 2023. In accordance with the bond agreement, the University is required to maintain a debt service reserve fund which shall be used solely for the payment of principal and interest on the bonds, and the agreement provides for certain covenants including financial ratios. The agreement is collateralized by a real estate mortgage on specific land, buildings and equipment.

(B) The agreement dated June 15, 2010, relates to the acquisition, construction, equipping and furnishing of a new student housing facility and related housing facility improvements, including parking. Interest is payable monthly, and principal is payable annually. The bond agreement has a variable rate formula adjusted to an index of 70 percent of one month LIBOR plus 1.90 percent, which is reset monthly (3.29 percent as of June 30, 2018).

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the University entered into an interest rate swap agreement for the full amount of the loan. The agreement provided for the University to receive interest from the counterparty at 70 percent of one-month LIBOR plus 2.10 percent and to pay interest to the counterparty at a fixed rate of 4.15 percent on the outstanding loan balance. Under the agreement, the University paid or received the net interest amount monthly, with the monthly settlements included in interest expense. The swap terminated July 1, 2017. At June 30, 2017, the fair value of the swap agreement was a liability of approximately $14,000.

In September 27, 2016, the University entered into a forward interest rate swap agreement that provides for the University to receive interest from the counterparty at 70 percent of one-month LIBOR plus 1.90 percent and to pay interest to the counterparty at the fixed rate of 3.03 percent on the outstanding loan balance, effective July 1, 2017. The swap terminates on October 1, 2026. At June 30, 2018 and 2017, the fair value of the swap agreement was an asset of approximately $616,000 and $290,000, respectively.

Note 6. Notes, Bonds Payable and Line of Credit (Continued)

(C) Tranche A—The agreement dated May 20, 2014, and maturing May 2035 relates to the renovation and construction of the Student Center. Interest is payable monthly with principal payments monthly beginning January 2020. The bond agreement has a variable interest rate indexed to 75 percent of one month LIBOR plus 2.00 percent which is reset monthly (3.49 percent as of June 30, 2018). The variable rate formula may be adjusted beginning October 1, 2022. At both June 30, 2018 and 2017, the outstanding balance on this tranche was $5,400,000.

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the University entered into an interest rate swap agreement for the full amount of the loan. The agreement was effective June 1, 2014, and provides for the University to receive interest from the counterparty at 75 percent of one-month LIBOR plus 2.00 percent and to pay interest to the counterparty at a fixed rate of 4.052 percent on the outstanding loan balance. Under the agreement, the University pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The swap terminates October 1, 2022. At June 30, 2018 and 2017, the fair value of the swap agreement was a liability of approximately $6,500 and $180,000, respectively.

Tranche B—Also as a part of the agreement the University has additional proceeds available for drawdown, maturing May 2021, with maximum borrowings of $8,000,000 for the purpose of financing the renovation and construction of the Student Center. Interest is payable monthly commencing upon the drawdown of funds and principal is payable annually beginning in October 2016. The bond agreement has a variable interest rate indexed to 75 percent of one month LIBOR plus 2.00 percent which is reset monthly (3.49 percent as of June 30, 2018). At June 30, 2018 and 2017, the outstanding balance on this tranche was $1,250,000 and $3,500,000, respectively.

(D) The agreement dated October 31, 2002, was amended on March 1, 2012, with the refunding and reissuance of outstanding bonds totaling $2,924,672. The loan relates to the acquisition, construction, equipping and furnishing of a new student housing facility and related housing facility improvements including, but not limited to, parking and general improvements to the facilities and campus of the University. Interest and principal are payable monthly, the loan agreement has a variable interest rate indexed to 70 percent of one month LIBOR plus 2.10 percent which is reset monthly (3.49 percent as of June 30, 2018), and matures on October 15, 2022.

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the University entered into an interest rate swap agreement for the full amount of the loan. The agreement provides for the University to receive interest from the counterparty at 70 percent of one-month LIBOR plus 2.10 percent and to pay interest to the counterparty at a fixed rate of 3.66 percent on the outstanding loan balance. Under the agreement, the University pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The swap terminates October 1, 2022. At June 30, 2018 and 2017, the fair value of the swap agreement was an asset of approximately $8,000 and a liability of approximately $17,000, respectively.

(E) The agreement dated May 1, 2012, and maturing October 1, 2035, relates to the construction, improving and equipping of an addition to an existing student residence hall and related campus improvements including, but not limited to, parking and general improvements to the facilities and campus of the University. Interest is payable monthly and principal is payable annually. The loan agreement has a variable interest rate indexed to 70 percent of one-month LIBOR plus 2.10 percent which is reset monthly (3.49 percent as of June 30, 2018). The variable rate formula may be adjusted beginning October 1, 2022.

Note 6. Notes, Bonds Payable and Line of Credit (Continued)

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the University entered into an interest rate swap agreement for the full amount of the loan. The agreement provides for the University to receive interest from the counterparty at 70 percent of one-month LIBOR plus 2.10 percent and to pay interest to the counterparty at a fixed rate of 3.75 percent on the outstanding loan balance. Under the agreement, the University pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The swap terminates October 1, 2022. At June 30, 2018 and 2017, the fair value of the swap agreement was an asset of approximately $53,000 and a liability of approximately $115,000, respectively.

(F) The agreement is collateralized by a real estate mortgage on the project and other specified campus property as specified in the Real Estate Mortgage, Security Agreement, and Fixture Financing Statement and provides for certain covenants including financial ratios as specified in the Continuing Covenant Agreement dated March 15, 2012, and amended May 20, 2014.

Interest expense totaled approximately $1,760,000 and $1,992,000, for the years ended June 30, 2018 and 2017, respectively, under these obligations. The University capitalizes interest as a component of the cost of construction in progress. No interest was capitalized during the years ended June 30, 2018 and 2017.

Debt issuance costs are amortized by the effective interest method over the term of the related debt and are netted against notes and bonds payable.

Maturities of notes and bonds payable for the years ending June 30 are approximately: 2019 $2,425,000; 2020 $2,225,000; 2021 $2,045,000; 2022 $1,962,000; 2023 $6,200,000 and thereafter, $32,038,000.

The University has a $5,000,000 line of credit with a bank with an expiration date of February 28, 2019. Borrowings of $1,500,000 and none were outstanding at June 30, 2018 and 2017, respectively. The interest rate on this line of credit is 0.50 percent below the prime rate with a 3.50 percent floor (4.50 percent at June 30, 2018). Interest expense totaled approximately $3,600 and none for the years ending June 30, 2018 and 2017, respectively, under the line of credit.

Note 7. Retirement Plans

The University has a defined contribution plan covering academic and nonacademic personnel. The University also participates in the defined contribution plans of the Evangelical Lutheran Church in America for its clergy personnel. Retirement plan expense for the years ended June 30, 2018 and 2017, totaled approximately $905,000 and $915,000, respectively.

The University also provides employees the opportunity to defer current compensation under both a 403(b) and a 457(b) plan. Although the University makes no contributions to these plans, the 457(b) plan assets and related liability to employees totaled approximately $551,000 and $497,000 at June 30, 2018 and 2017, respectively, are included on the University's statement of financial position.

Note 8. Endowment Fund and Net Asset Classifications

The University's Endowment Fund consists of various donor restricted endowment funds and funds designated as endowment, quasi-endowment, by the Board of Trustees. Net assets associated with endowment funds, including funds designated to function as endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the 2008 Iowa legislature as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Grand View University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the State of Iowa in its enacted version of UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the Endowment Fund; (2) the purposes of the University 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 University; and (7) the investment policies of the University.

The University has adopted investment and spending policies for its Endowment Fund. The objective of these policies is to provide the University a predictable funding stream for its programs while protecting the purchasing power of the Endowment Fund. To satisfy its long-term rate-of-return objective, the University expects to maintain appropriate diversification among equity, fixed income, and alternative investment allocations as stipulated by its investment policy. The purpose is to moderate the overall investment risk of the Endowment Fund.

The Board of Trustees of Grand View University may appropriate for expenditure or accumulate so much of the Endowment Fund as the University determines is prudent for the uses, benefits, purposes, and duration for which the Endowment Fund is established. The amount appropriated, the spending policy, is a Board approved percentage applied to the average fair value of the endowment fund assets during the prior three year period. In cases where the fair value of endowment fund assets fall below the original value of the gifts donated to the permanent endowment, the Board has determined that no funds shall be appropriated. The Board approved spending percentage was 5.50 percent and 4.50 percent of a three year moving average of endowment assets for the fiscal years ended June 30, 2018 and 2017, respectively.

Note 8. Endowment Fund and Net Asset Classifications (Continued)

Endowment net assets as of June 30, 2018, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds:				
Instruction and operational support	$ -	$ 3,363,517	$ 5,367,556	$ 8,731,073
Student scholarships and services	(144)	1,912,440	7,907,752	9,820,048
Institutional support	(661)	207,237	1,548,842	1,755,418
Academic support	-	140,479	100,000	240,479
General endowment	-	2,473,996	930,653	3,404,649
Board-designated (quasi) endowment funds:				
Instruction and operational support	1,073,006	-	-	1,073,006
Total endowment funds	$ 1,072,201	$ 8,097,669	$ 15,854,803	$ 25,024,673

Endowment net assets as of June 30, 2017, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds:				
Instruction and operational support	$ -	$ 3,000,161	$ 5,367,556	$ 8,367,717
Student scholarships and services	-	1,776,124	7,641,666	9,417,790
Institutional support	-	196,940	48,842	245,782
Academic support	-	135,841	100,000	235,841
General endowment	-	2,426,996	737,033	3,164,029
Board-designated (quasi) endowment funds:				
Instruction and operational support	1,181,999	-	-	1,181,999
Total endowment funds	$ 1,181,999	$ 7,536,062	$ 13,895,097	$ 22,613,158

The changes in endowment net assets for the year ended June 30, 2018, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,181,999	$ 7,536,062	$ 13,895,097	$ 22,613,158
Investment return:				
Investment income (loss)	(79,536)	659,413	-	579,877
Net appreciation/(depreciation) (realized and unrealized)	32,031	725,061	-	757,092
Total investment return	(47,505)	1,384,474	-	1,336,969
Gifts	-	-	1,959,706	1,959,706
Appropriation of endowment funds for expenditure	(62,293)	(822,867)	-	(885,160)
Endowment net assets, end of year	$ 1,072,201	$ 8,097,669	$ 15,854,803	$ 25,024,673

Note 8. Endowment Fund and Net Asset Classifications (Continued)

The changes in endowment net assets for the year ended June 30, 2017, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,088,948	$ 6,034,058	$ 12,959,939	$ 20,082,945
Investment return:				
Investment income	29,632	498,206	-	527,838
Net appreciation/(depreciation) (realized and unrealized)	115,693	1,532,026	-	1,647,719
Total investment return	145,325	2,030,232	-	2,175,557
Gifts	-	-	935,158	935,158
Appropriation of endowment funds for expenditure	(52,274)	(528,228)	-	(580,502)
Endowment net assets, end of year	$ 1,181,999	$ 7,536,062	$ 13,895,097	$ 22,613,158

From time to time, the fair value of endowment funds associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration, underwater endowments. As of June 30, 2018 and 2017, $805 and none, respectively, of the University's donor restricted endowment funds were underwater.

Note 9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30, 2018 and 2017:

	2018	2017
Gifts and other unexpended amounts available for:		
Instruction and operational support	$ 3,507,390	$ 3,158,574
Student scholarships and services	2,572,235	2,485,407
Purchase or renovation of property and equipment	1,460,881	1,778,079
Institutional support	3,346,592	3,557,106
	10,887,098	10,979,166
Time restrictions, primarily depreciation	17,966,040	18,060,982
	$ 28,853,138	$ 29,040,148

Note 9. Temporarily and Permanently Restricted Net Assets (Continued)

Permanently restricted net assets consist of endowment funds for which the income is restricted for the following at June 30, 2018 and 2017:

	2018	2017
Instruction and operational support	$ 5,367,556	$ 5,367,556
Student scholarships and services	7,907,752	7,641,666
Institutional support	1,548,842	48,842
Academic support	100,000	100,000
General endowment	930,653	737,033
	$ 15,854,803	$ 13,895,097

Note 10. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors and appropriated by the University for the years ended June 30, 2018 and 2017, as follows:

	2018	2017
Instruction and operational support	$ 683,833	$ 197,306
Student scholarships and services	1,304,547	1,047,290
Purchase or renovation of property and equipment	396,302	1,637
Institutional support	340,717	297,298
	2,725,399	1,543,531
Time restrictions, primarily depreciation	597,100	577,618
	$ 3,322,499	$ 2,121,149

Note 11. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Authoritative accounting guidance requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, authoritative accounting guidance establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Note 11. Fair Value Measurements (Continued)

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

There have been no changes in valuation techniques used for any assets or liabilities measured at fair value during the year ended June 30, 2018.

Financial assets and financial liabilities measured at fair value on a recurring basis as of June 30, 2018 and 2017, are as follows:

	June 30, 2018			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Equities:				
U.S. common stocks	$ 3,445,088	$ 3,445,088	$ -	$ -
Bonds:				
Government securities	1,410,211	-	1,410,211	-
Corporate bonds	1,290,414	-	1,290,414	-
Equity mutual funds:				
U.S.—large cap	4,828,889	4,828,889	-	-
Non-U.S.—large cap	4,967,404	4,967,404	-	-
Fixed income mutual funds:				
U.S.—total return	1,377,979	1,377,979	-	-
Non-U.S.—total return	1,014,339	1,014,339	-	-
Absolute return mutual funds	802,781	802,781	-	-
Real assets mutual funds	1,690,704	1,690,704	-	-
Other	553,182	-	553,182	-
	21,380,991	$ 18,127,184	$ 3,253,807	$ -
Alternative investments, valued at net asset value:				
Private equity	873,217			
Absolute return	2,950,986			
	3,824,203			
Total investments at fair value	$ 25,205,194			
Asset, interest rate swaps	$ 670,383	$ -	$ 670,383	$ -

Note 11. Fair Value Measurements (Continued)

	June 30, 2017			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Equities:				
U.S. common stocks	$ 1,201,388	$ 1,201,388	$ -	$ -
Emerging market common stocks	1,261,864	1,261,864	-	-
Bonds:				
Government securities	1,071,604	-	1,071,604	-
Corporate bonds	970,799	-	970,799	-
Equity mutual funds:				
U.S.—large cap	4,736,862	4,736,862	-	-
Non-U.S.—large cap	3,928,725	3,928,725	-	-
Fixed income mutual funds:				
U.S.—total return	2,320,426	2,320,426	-	-
Non-U.S.—total return	1,217,846	1,217,846	-	-
Absolute return mutual funds	787,207	787,207	-	-
Real assets mutual funds	1,660,136	1,660,136	-	-
Other	496,564	-	496,564	-
	19,653,421	$ 17,114,454	$ 2,538,967	$ -
Alternative investments, valued at net asset value:				
Private equity	374,087			
Absolute return	2,405,782			
	2,779,869			
Total investments at fair value	$ 22,433,290			
Liability, interest rate swaps	$ 36,162	$ -	$ 36,162	$ -

During the year ended June 30, 2018, the University did not make significant transfers between Level 1, 2 or 3 assets and liabilities.

Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available in an active market (Level 1). If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow (Level 2).

The interest rate swaps are valued using a discounted cash flow model that uses verifiable yield curve inputs to calculate the fair value and is classified within Level 2 of the valuation hierarchy. This method is not dependent on the input of any significant judgments or assumptions by management.

Note 11. Fair Value Measurements (Continued)

Alternative investments are valued at the NAV of units held by the University in each account at year end. The methods used to measure NAV may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value could result in a different fair value measurement at the reporting date. Alternative investments are valued at NAV using the practical expedient.

The following table provides a summary of information for alternative investments, measured at fair value using a net asset value per share, or equivalent, as of June 30:

	Fair Value	
Description	2018	2017
Private equity (A)	$ 873,217	$ 374,087
Absolute return (B)	2,950,986	2,405,782
	$ 3,824,203	$ 2,779,869

(A) These funds represent investments in projects and companies that own energy assets, primarily in the form of senior private debt in the United States and Canada. These funds offer no liquidation.

(B) These funds represent investments in public and private real estate debt, infrastructure and hedge funds. At June 30, 2018 and 2017, approximately $1,436,000 and $1,324,000, respectively, of the funds are subject to quarterly redemptions with notice provided 95 days before quarter end. At June 30, 2018 and 2017, approximately $1,097,000 and $1,082,000, respectively, of the funds are subject to quarterly redemptions with 65 days notice and contain a 25 percent investor level gate per quarter. No liquidation is offered on approximately $419,000 and none of the funds at June 30, 2018 and 2017, respectively.

The University had unfunded commitments towards illiquid private equity funds totaling approximately $2,177,000 and $1,628,000 as of June 30, 2018 and 2017, respectively.

Alternative investments are redeemable with the investee fund at NAV under the original terms of the subscription agreement. Due to the nature of these investments, changes in market conditions and the overall economic environment may significantly impact the NAV of the funds, and therefore the value of the University's interest. It is therefore reasonably possible that, if the University were to sell all or a portion of these investments, the transaction value could be significantly different than the fair value reported as of June 30.

Note 12. Commitments

The University guarantees a loan and security agreement whereby the bank will periodically advance funds to the Iowa Student Loan Liquidity Corporation (the Corporation) for the purpose of providing funds to the Corporation to make private student loans to students attending the University under the Bridges Private Student Loans Program. The program was discontinued after the 2015-2016 academic year. The University has guaranteed 100 percent of the outstanding principal balance on the loan and security agreement. The University is liable for this obligation upon an event of default or the maturity date of June 30, 2040. As of June 30, 2018 and 2017, $147,000 and $141,000, respectively, remains outstanding on the loan and security agreement.