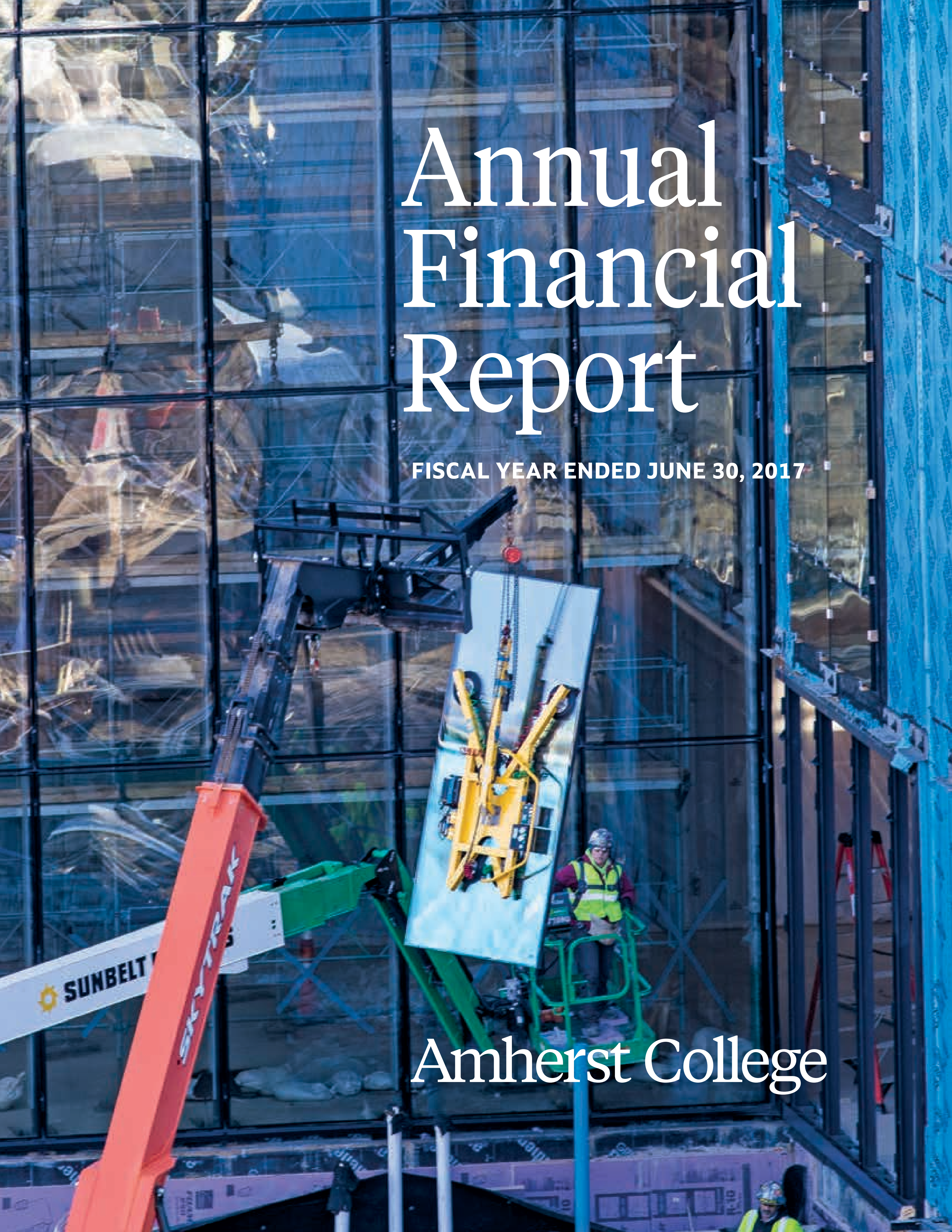
Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2017



Amherst College

Table of Contents

The Trustees of Amherst College administer Amherst College in Amherst, Mass., and the Folger Shakespeare Memorial Library in Washington, D.C.

On the covers: The New Science Center under construction. Photo by Maria Stenzel.

The Corporation | Fiscal Year 2016–17

Report from the Chief Financial Officer

Greetings from Amherst. Once again, I am pleased to provide you with this annual financial report.

Following this letter are the audited financial statements for The Trustees of Amherst College (Institution), prepared in accordance with accounting standards generally accepted in the United States. These statements also highlight the individual financial operations of Amherst College (College) and the Folger Shakespeare Library (Library). For a more detailed description of this financial presentation, please see Footnote #1 on page 24, Basis of Presentation. While statements in this format give a true financial picture of the Institution as a whole and provide consistency and comparability among nonprofit institutions, they do not reflect how the Institution is internally managed. The College, the Library and the Emily Dickinson Museum (Museum) are managed as independent operations, with separate operating budgets, funding sources and financial results. These budgets are based on the principles of cash-basis fund accounting. These operating results are presented on page 5 for the College and page 6 for the Library.

I am pleased to report that by most measures, the fiscal year that concluded on June 30, 2017 (FY17) was a terrific one for the Institution. The endowment rebounded strongly from a challenging FY16 to post investment returns of 15.5 percent. As Chief Investment Officer Mauricia Geissler explains in her report from pages 12 to 15, these returns exceeded benchmarks and peer averages by several percentage points. These returns, coupled with new endowment gifts and netted against a responsible endowment spending rate below 5 percent, sent both the College and Library endowments to all-time highs: $2.248 billion and $334 million, respectively. In addition, philanthropy was strong at both the College and the Library. Alumni, parents and friends demonstrated their deep support for the College by driving up the Annual Fund to $10.7 million, over $1 million higher than the previous year. Since each year's Annual Fund receipts are utilized in the following year, the College's FY18 is benefiting enormously from this terrific result. College gift receipts across all categories totaled $45.4 million. The Library received a total of $3.4 million in endowment and current-use gifts in FY17, a 38 percent increase from FY16. The Institution delivered strong financial results against budget. The College concluded the year with a $6.7 million operating surplus before discretionary transfers and designations, or about 4 percent of the College's budget, and the Library concluded with a $2.6 million operating surplus before collections acquisitions or capital improvements. In FY17 and in the subsequent months of FY18, the College took a number of significant steps to improve the strength of its balance sheet. These and other financial results will be described in greater detail in the pages that follow.

OPERATING RESULTS

The College's FY17 operating budget was established at $183.2 million with an expectation of balanced revenues and expenses. This budget represented an increase of 3.6 percent from the FY16 budget, and a cost-per-student amount of about $102,000. Budgeted spending from Amherst's endowment was $95.7 million, which represented over 52 percent of budgeted revenues. This is one of the very highest rates of budgetary support from endowment of any college or university in the country. Despite this high budgetary rate of utilization, the College's endowment spending rate as a percentage of market valuation remains a modest and responsible 4.5 percent of the three-year average (and 4.7 percent of the FY17 beginning market value). Amherst's board-approved target range of distribution has been 3.5 to 5.0 percent for many years; it has been below 5 percent every year since the late 1990s. Comprehensive fee revenues, net of College-provided financial aid, were budgeted at $64.2 million, or about 35 percent of budgeted revenues. The Annual Fund, other current-use gifts and grants and miscellaneous revenues provided the remaining 13 percent of budgetary support.

For the full year, College revenues exceeded budget by $3.5 million as a result of unanticipated current-use gifts and higher net comprehensive fee revenues, which in turn were due to lower-than-expected financial need from the incoming class of 2021. Expenses came in $3.2 million under budget due to a larger-than-usual number of faculty position vacancies and a budgeted contingency that was not utilized. As a result of favorable revenue and expense variances to budget, the College experienced a $6.7 million surplus. After designating a portion of the surplus to discretionary reserves, including a reserve to fund an upcoming capital campaign, the College ended the year with a $2.8 million transfer to the general reserve. This reserve has grown in recent years through annual operating budget surpluses and other designations, and provides a modest measure of protection for the College against unforeseen events.

Despite meeting the full demonstrated financial need of every admitted student through College-provided grants and without requiring loans, we remain acutely mindful of the impact of rising tuition on students and their families. The College has moderated the growth of its comprehensive fee (which includes tuition, room, board and mandatory fees) in recent years. Since FY15, the comprehensive fee has risen at a rate of 3.5 percent annually,

Statement of Operating Resources and Expenses | Amherst College

for the years ended June 30

(000's omitted)

	2017	2016
Resources available		
Student tuition and fees	$ 117,467	$111,635
Amherst College scholarship	(51,611)	(50,703)
Net tuition and fees collected	65,856	60,932
Auxiliary and other revenue	6,201	7,674
Net utilization of new and prior restricted funds	(7,221)	(1,488)
	64,836	**67,118**
Current expenses		
Educational and General		
Instruction	43,108	41,696
Academic support	12,307	11,262
Research	4,043	3,422
Library	7,218	6,958
Student services	22,064	21,119
Operation and maintenance of plant	23,492	23,123
General and administration	25,611	23,245
Pensions and professional fees	4,787	4,102
Total Education and General	**142,630**	**134,927**
Other Expenses		
Academic awards	1,383	1,348
Auxiliary activities and other	15,364	15,212
Debt service	20,619	20,136
Total current expenses	**179,996**	**171,623**
Deficit before support from Alumni and Friends	(115,160)	(104,505)
Distribution from endowment	95,712	90,628
Annual Fund	9,622	10,073
Gifts and grants from operating purposes	16,552	10,389
Total support from Alumni and Friends	**121,886**	**111,090**
Surplus before designation to reserves	**6,726**	**6,585**
Transfer of surplus to Designated Reserves	(3,950)	(2,878)
Surplus to General Operating Reserve	**$ 2,776**	**$ 3,707**

Statement of Operating Resources and Expenses | Folger Shakespeare Memorial Library

for the years ended June 30

(000's omitted)

	2017	2016
Resources available		
Distribution from endowment	$ 14,226	$ 13,881
Income from current fund investments	4	1
U. S. Government grants	1,619	1,506
Gifts and other grants	3,266	2,187
Other	3,966	3,650
	23,081	21,225
Restricted expendable funds availed of—net	(985)	1,021
Appropriation for collection acquisitions	(185)	(250)
	21,911	21,996
Current expenses		
General and Administration	5,714	5,860
Advancement	2,170	2,354
Central Library	4,253	4,764
Museum Shop and Rental Properties	353	317
Folger Institute	1,272	1,215
Digital Media/Productions	737	863
Education programs	666	679
Public programs	3,694	3,480
Grant activities	1,464	1,463
Total current expenses	**20,323**	**20,995**
Surplus before designation to reserves and transfers	1,588	1,001
Reserve transfer	-	(520)
Plant transfer for building projects	(1,587)	(475)
Surplus	**$ 1**	**$ 6**

slightly below the median rate of increase of the College's peers and well below the 4.5-to-5.0 percent rates of increase in the College's comprehensive fee from FY10 through FY15.

The Library's operating budget was established at $21.6 million in revenues and $18.7 million in operating expenditures for a budgeted operating surplus of $2.9 million. The Library also budgeted $1.2 million in acquisitions and $0.8 million in capital improvements for a net budgeted surplus of $0.9 million. This budgeted surplus was established to cover the timing discrepancies from programming costs celebrating the 400th anniversary of Shakespeare's death in calendar year 2016, which spanned two fiscal years. Actual FY17 revenues exceeded budget by $0.5 million as a result of favorable government and program grants as well as the earned income increases from ticket sales for public programs. Operating expenditures exceeded budget by $0.8 million as a result of costs related to the 2016 programming, wrapping up a calendar year that included an extraordinarily successful 50-state tour of the First Folio, major onsite exhibitions and public programming to complement the exhibitions and celebrate the "Wonder of Will" year. The surplus was then dedicated to a planned future building project.

DEBT

As of June 30, 2017, the Institution held $504 million of debt on its balance sheet, all of which was attributable to the College. The Library has not issued long-term debt.

The College recently took two important steps to achieve its goal of debt reduction. During FY17, the College retired the $27.3 million outstanding balance of its Series F variable-rate bonds. Next, in December 2017, after FY17 year-end but prior to the issuance of this report, the College reduced another $15 million in principal from its

Series H bonds. These actions were possible through a significant reduction in the expected cost of construction of the Science Center through successful negotiations with contractors, the receipt of an anonymous unrestricted gift and a decision to liquidate unrestricted endowment funds for use in debt reduction.

In addition to debt reduction, the College continues to take active steps to reduce exposure to variable interest rates. In 2011, roughly half of the College's debt balance was composed of variable-rate issuances. Since then, new debt offerings in 2012 and 2015 were issued as fixed-rate, 30-year bonds. Amherst has recently refinanced several other issuances into fixed-rate modes of longer durations. In November 2016, the College reissued its $45.7 million Series K-2 issuance, which had reached the end of a three-year fixed-rate term, into a five-year fixed-rate term with a 1.41 percent interest rate, including a full call option. In December 2017, Amherst once again refinanced a bond emerging from a three-year fixed-rate term into a five-year fixed-rate term with a 1.99 percent interest rate, including a full call option. Cumulatively, these changes have reduced the College's exposure to variable interest rates in its debt portfolio to under 15 percent.

After the elimination of the Series F bonds, the reduction in the Series H principal balance and recurring annual principal amortization, Amherst has reduced its outstanding debt balance by over $50 million, from the all-time high of $537 million in November 2016 to approximately $484 million in December 2017. Coupled with rising endowment valuation, Amherst's endowment-to-debt ratio has rapidly grown from a low of 3.8-to-1 in November 2016, to approximately 4.6-to-1 in December 2017, a healthy measurement of balance-sheet strength.

The College's independent rating agencies, Standard & Poor's and Moody's, have long recognized the strength of Amherst's balance sheet and financial operations with very high credit ratings. Amherst has held an AA+ (stable) rating from Standard & Poor's, the agency's second-highest rating, since 2012. For many years, Moody's has rated the College AAA, its highest rating. However, Moody's attached a negative watch to this rating after the College's 2015 debt issuance, indicating that the College's rating could be lowered in the future. In recognition of the steps taken to reduce debt, strengthen its balance sheet and deliver strong operating results, Moody's removed the Institution from negative watch in October 2017 and provided Amherst with an AAA (stable) rating.

PHILANTHROPY

In FY17, Amherst's alumni, parents and friends provided the College with cash gifts and bequests totaling $45.4 million. This represented a significant increase from the FY16 total of $35.4 million, and is a remarkable reflection of the generosity of the Amherst community.

In particular, the Annual Fund, composed of the Alumni Fund and the Parents' Fund, had a terrific year, yielding $10.7 million in FY17. This represents more than a 10 percent increase over FY16 receipts. Participation increased as well, from 50.6 percent in FY16 to 51.8 percent in FY17. This increase is particularly notable at a time when college and university annual fund participation rates are generally on the decline due to intense competition for donations from a wide variety of charitable organizations. Amherst's Annual Fund is a critically important source of operating revenue, and is a meaningful way for alumni, parents and friends across a variety of economic situations to join together to support the College's highest priorities. Many of Amherst's most generous alumni began their support of the College through participation in the Annual Fund. Although their giving now includes endowment, facilities and life-income gifts, these donors remain loyal supporters of the Annual Fund. Because of this loyalty, Amherst ranks among the leading colleges and universities in alumni participation.

In addition to Annual Fund contributions, gifts totaling $24.0 million were received to support current operations in such areas as instruction, research, library, scholarships and fellowships. The College also received endowment gifts totaling $6.0 million in FY17. Gifts directly designated to facilities totaled $4.7 million this past year.

Library gift receipts from long-standing donors and friends totaled $3.4 million in FY17. Of this total, $1.1 million is restricted to a future capital project, $0.9 million was received for current restricted program use and $1.2 million was for unrestricted support of current operations. The Library also received $0.2 million in endowment gifts during the year. The Library is planning a major fundraising drive that will incorporate significant capital projects as well as programming, endowment and annual support related to the priorities of its 2013 Strategic Plan. Specifically, this campaign will provide the capital needed to maintain and preserve the Library's historic building, to enhance its accessibility to all visitors and to fund the building project that will open up its doors to a broader public to enjoy and experience the treasures previously hidden in the vaults of the Library.

CAPITAL PROJECTS

In FY17, significant progress continued toward the successful completion of the Greenway Projects, the most ambitious campus transformation initiative in the College's history. As noted last year, four new residence halls with a total of 300 beds were opened in September 2016. This permitted the razing of the "social dorms" and the clearing of that site for a 240,000-square-foot Science Center. This spectacular new interdisciplinary facility will unite most of the College's science, technology and math disciplines under one roof. Course enrollments and student majors in these disciplines have increased in recent years, and this new facility will include state-of-the-art classrooms and labs to support the College's excellent teaching and research. Despite a timeline that was ambitious from the very start, the Science Center remains under budget and on time, with the opening scheduled before the beginning of classes in Fall 2018. Connecting all of these new facilities will be a 12-acre Greenway, a carefully designed open space to be enjoyed rather than simply traversed. Amidst its rich and beautiful landscaping will be a number of opportunities for studying and gathering, including an outdoor amphitheater for performances, shaded picnic areas and recreational spaces, and inviting places to sit and enjoy the outdoors.

While the College has devoted substantial time and financial resources to making the Greenway Projects a success in every way, the pace of other capital renewal and construction necessarily has slowed considerably in recent years. We remain mindful of the importance of continual investment in facilities to avoid an issue that is all too common in higher education: a significant backlog of deferred maintenance. Beginning around the turn of the 21st century, the College invested substantially in several dozen facility upgrades to address deferred maintenance, to achieve programmatic enhancements and to improve energy efficiency. As a result, the overall condition of campus facilities is relatively strong. Yet there remain facilities in need of attention, and the College will need to continue to increase its annual funding for capital projects.

As part of a 2014 master planning exercise, the Library identified $12 million in maintenance projects to ensure proper renewal and care of their historic building. These projects include major mechanical and infrastructure systems such as façade cleaning and restoration, window restoration, and HVAC and electrical system refreshes. The Library's FY17 budget included $0.8 million of capital maintenance projects. In their February 2016 meeting, the Library's board of governors authorized the planning phases of a building project, and at year end the accumulated surplus was applied against that future project, bringing the total dedicated to capital projects in FY17 to $1.6 million. The building project will create a more inviting entryway and open up the Folger to a broader general public to appreciate the collection in new and more engaging exhibitions and displays.

TAX LEGISLATION

In December 2017, sweeping changes to the federal tax code were signed into law. This tax bill includes a number of provisions that directly or indirectly impact the College, other higher education institutions and not-for-profit institutions in general. It reduces tax incentives to charitable giving in a number of ways. It increases the exemption for the estate tax, which might reduce bequests to charitable organizations. It also nearly doubles the standard deduction for taxpayers, which will likely significantly reduce the number of taxpayers who will itemize deductions and thereby eliminate the direct tax benefit of charitable giving. I know that Amherst College's alumni and friends are committed deeply to our students and to our mission, and it is my hope that the new tax environment will not impact the support that they provide to an Amherst education.

While the tax bill's impact on philanthropy is indirect and not yet known, its impact on endowment capacity is more direct. The bill enacted a 1.4 percent annual excise tax on investment income for the very small group of about 30 private colleges and universities, including Amherst, with endowments over $500,000 per student. Over time, this provision will significantly reduce the financial resources the College will have to devote to its educational mission. While the College's investment income varies widely from year to year, we estimate that this could average between $1.5 million and $3 million in new tax liability in a typical year. (Note that, at the time of this writing, it is not yet clear whether the Library's investment income will be taxable under the new law.)

The College's endowment—indeed, all endowments—are widely misunderstood. Some critics depict endowments as idle wealth that colleges amass and lock away, rather than the dynamic and ongoing sources of funding that they are. Amherst spends the largest amount deemed prudent to advance its ambitious educational mission today and far into the future. As Amherst's endowment has grown over the years, endowment spending has increased dramatically. As noted earlier in this report, Amherst now funds 52 percent of its budget from its endowment annually, one of the very highest rates of "endowment reliance" of any college or university in the world. This is a significant increase from only about 30 percent 20 years ago. This extraordinarily high rate of endowment reliance is reflective of strong endowment gifts and investment growth over the past several decades.

It also reflects Amherst's purposeful and aggressive efforts to put its endowment to use to provide access to higher education for the very best students in the country and the world, regardless of their financial means. This approach has enriched the teaching and learning environment for all students. Amherst is one of only five U.S. institutions of higher education, and the only liberal arts college, to be need-blind in its admissions, meet the full financial need of every admitted domestic or international student, and provide all financial aid via grants rather than loans, so that students do not graduate with crippling debt. In FY18, Amherst will provide nearly $55 million in need-based financial aid in the form of free-and-clear grants, up from $10.9 million in FY98, an increase of over 400 percent. Fifty-six percent of Amherst students qualify for need-based financial aid in FY18, up from 43 percent in FY98. Amherst students qualifying for aid will receive an average of $49,800 each in Amherst-provided grants in FY18, up from $15,400 in FY98, an increase of 223 percent.

Amherst utilizes its endowment for much more than financial aid. Endowment spending allows the College to maintain an 8:1 student-to-faculty ratio, hire and retain the very best faculty in their fields, expand instructional support services, enhance student residential life, renovate existing facilities and construct new ones such as the Greenway dorms and Science Center. These and many other investments help Amherst alumni become leaders in their chosen fields and make a dramatic and positive impact across all aspects of society.

Generous philanthropy and endowment assets form the very foundation of Amherst's financial capacity. The new tax law places these under significant pressure. It is clear that we must redouble our efforts to demonstrate the value of an Amherst degree, and of higher education more generally, to our students, parents, donors and elected officials. Tax-exempt investment returns and tax-advantaged philanthropy have enabled much of the remarkable work we have done as an institution for decades. Though the new excise tax may not affect the majority of American colleges and universities, it nonetheless establishes a disturbing precedent that should worry all not-for-profit institutions of higher education.

Despite the unavoidable financial effects of the new tax law, the College will continue to pursue its core mission as aggressively as possible within the capacity of available resources. In particular, Amherst remains committed to financial access and affordability through a strong set of financial aid policies and practices. We will continue to steward our finances wisely, relying upon our sound and well-conceived existing budgetary processes and financial governance to make prudent decisions about allocating resources. The careful use of our students' tuition dollars, our donors' gifts and our investment return revenue is always a good idea, regardless of tax law or investment market performance, now and far into the future.

CONCLUSION

It is truly an exciting time here at the Institution. As always, there are many things to worry about, and in fact, it is a main characteristic of my job to be worried about all of them. As noted, the new tax law may put pressure on philanthropy and creates a new federal tax obligation for the Institution. With rapid endowment gains come elevated market risk, as asset valuations have quickly climbed across most asset classes and geographies. Geopolitical and macroeconomic developments, while completely outside of our control, pose real risks, and we must remain mindful of them. While financial access and affordability are a core College priority, increases in financial need put greater strain on an already stretched budget. Most importantly, the aspirations, ambitions and ideas of both the College and the Library outstretch seemingly ample financial resources.

Fortunately, the Institution remains in an exceptional position to mitigate these risks and pressures and to propel the College and the Library forward. Through deeply supportive alumni and friends, healthy balance sheets, careful budgeting practices, strong board-level oversight, responsible endowment utilization policies and practices, and unwavering commitments to those we serve, the College and Library are financially sound and ready for the future. It is a pleasure to present you with this financial report. Thank you for reading.

Kevin C. Weinman
Chief Financial and Administrative Officer

Report from the Chief Investment Officer

COLLEGE AND LIBRARY ENDOWMENT AND SIMILAR FUNDS

Amherst's endowment saw a strong rebound in performance for FY17, returning 15.5 percent for the period. The return, coupled with gift receipts, helped to push the endowment to an all-time high value of $2.248 billion as of June 30, 2017 (compared to $2.032 billion on June 30, 2016—an increase of $216 million). Gifts of $6 million and another $2 million in transfers to the endowment from terminated life-income funds also contributed to the College's endowment for the year. The significant return comes at an opportune time for the College, as the endowment's support of the Operating Budget continues to climb, totaling 51 percent for FY17. Further, campus construction projects, particularly the new Science Center, are marching towards completion.

The Folger Shakespeare Memorial Library's Endowment Fund increased from $303.2 million to $334.0 million during the fiscal year. Funds managed by the trustees under life-income agreements totaled $81.8 million as of June 30, 2017, showing a net increase of $4.4 million from the prior year.

A summary of the growth in the Amherst endowment over the past decade is shown at right.

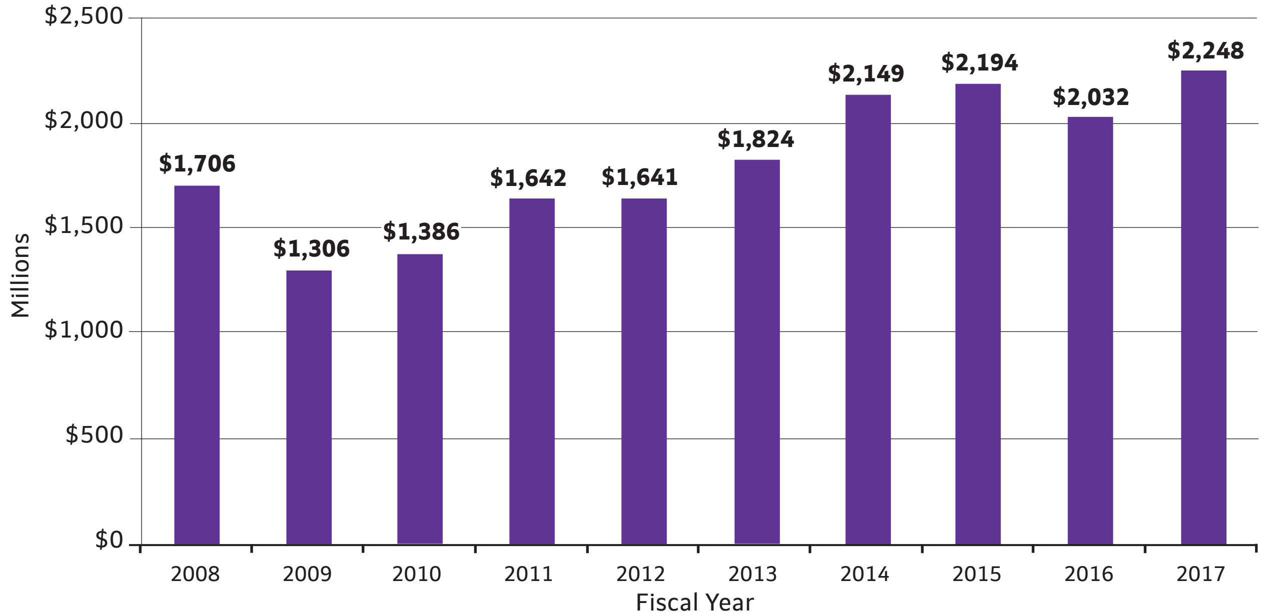
FISCAL YEAR 2017 MARKETS AND RETURNS

Equity markets soared during the fiscal year, despite the backdrop of a very contentious U.S. presidential election, increased political tensions with North Korea and the ongoing process of the United Kingdom formally exiting the European Union. Fueled by expected pro-growth policies under then President-elect Trump, investors moved quickly into higher risk assets, eschewing the relative safety of government bonds. Market volatility dropped to multi-decade lows, and U.S. equity markets reached record highs seemingly on a daily basis. Monetary policies remain accommodating, even as the Federal Reserve has begun to raise interest rates and has announced plans to trim its balance sheet. While U.S. markets were strong (S&P 500 Index rose 17.9 percent for FY17), worldwide equity returns were even higher, as the MSCI EAFE Index gained 20.3 percent, and the MSCI Emerging Markets Index climbed 23.7 percent for the year. The return for Emerging Markets comes after a significant period of relative underperformance versus developed indices, and was its highest fiscal year return since 2011. China was a significant contributor to the MSCI EM return, as the MSCI China Index climbed 32.2 percent over the year.

After a strong FY16, with double-digit returns for both the Citigroup World Government Bond Index and U.S. 10-year Treasuries, investors showed a dramatic increase in risk appetite and, coupled with the expectation of continued rate hikes, demand for government bonds fell during FY17. For the year, U.S. 10-year Treasuries fell 5.6 percent, while the Citigroup World Government Bond Index dropped 4.1 percent. Commodity markets also struggled during FY17, as evidenced by the 9.0 percent decline in the S&P Goldman Sachs Commodity Index.

The College's 15.5 percent return for FY17 year outpaced the strategic policy benchmark, which rose 12.4 percent for the period. The College's return was significantly ahead of the 60 percent S&P 500 Index/40 percent Bloomberg Barclays U.S. Aggregate Bond Index blended return of 10.4 percent.

Amherst College endowment value



The College's FY17 return ranked in the top decile of the Cambridge Associates performance universe for college and university endowments.

Over the past 20 years, by investing alongside well-aligned investment managers, across a variety of asset classes and markets, the College has cumulatively added roughly $1.3 billion in value to the endowment—relative to a passive benchmark of 60 percent S&P 500 Index and 40 percent Bloomberg Barclays Aggregate Bond Index and the CA mean. The College's 10-year return figure of 5.6 percent more fully reflects the pronounced impact of the 2008 global financial crisis on the portfolio.

A summary of the College's longer-term returns versus various indices is summarized below.

Annualized Returns for the Fiscal Year Ended June 30, 2017

	1 Year	5 Years	10 Years	20 Years
Amherst Portfolio[1]	15.5%	9.7%	5.6%	10.7%
Policy Portfolio Benchmark[2]	12.4	8.0	4.8	6.1
60/40 Stock Bond Portfolio[3]	10.4	9.6	6.4	6.7
CA Mean[4]	13.2	8.2	4.6	7.4

1 Amherst portfolio returns are net of all fees and expenses.

2 Amherst's policy portfolio / strategic benchmark is a weighted average return derived by applying the target strategic policy portfolio weights of each asset class to the performance of the respective asset class benchmarks.

3 A passive benchmark of 60 percent S&P 500 Index and 40 percent Bloomberg Barclays Aggregate Bond Index.

4 Cambridge Associates mean for Colleges & Universities. Consists of 164 institutions reporting returns to Cambridge Associates for one year, 162 institutions reporting for five years, 152 institutions reporting for ten years and 126 institutions reporting for 20 years.

POLICY PORTFOLIO AND INVESTMENT STRATEGY

The portfolio continues to be invested across a diverse set of asset classes, strategies, geographies and managers. The strategic policy portfolio, established by the Amherst College Investment Committee, guides overall asset allocation and liquidity. Given the increasing endowment support of the Operating Budget and a more cautious view of market performance on a forward basis, in FY17 the Investment Committee approved a dedicated strategic policy target to cash, to better manage capital flows for the portfolio. Thus the strategic policy portfolio now spans five broad asset categories: Global Equities, Absolute Return, Real Assets, Fixed Income and Cash. The Investment Committee and Office of Investments staff regularly review the expectations upon which the strategic policy portfolio is based, with the goal of constantly improving the portfolio's risk and return characteristics.

The strategic policy portfolio targets and policy ranges, along with actual asset allocation levels as of June 30, 2017, are shown in the table below.

The rise in equity markets, coupled with the underperformance of commodities, has resulted in an underweight relative to targets within the Real Assets portfolio.

SUSTAINABILITY

In February 2015, the Board of Trustees issued a statement defining environmental sustainability as a fundamental College objective. The Investment Office has eagerly accepted and embraced the responsibility to influence its investment managers to incorporate consistent and thoughtful environmental considerations into their investment processes. The College's investment managers are acutely aware that sustainability is a key diligence criterion for Amherst College and many other mission-based institutions. They are also aware of how important sustainable investing principles are to their continued ability to attract investment dollars.
The majority of managers affirmatively indicated that they take these risks into consideration when evaluating prospective investments. In addition, the College continues to proactively evaluate and vote its shareholder proxies in alignment

Amherst College Strategic Policy and Actual Allocation as of June 30, 2017

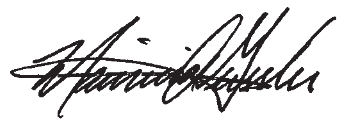
	Strategic Policy Target	Policy Range	Actual Asset Allocation
Global Equities (includes Public Equities and Private Equity/Venture Capital)	55%	30–70%	60%
Absolute Return	20%	15–25%	19%
Real Assets (includes Real Estate and Natural Resources)	15%	10–20%	8%
Fixed Income	5%	0–10%	7%
Cash	5%	0–8%	6%
Total Pool	**100%**		**100%**

with ESG (Environmental, Social and Governance) principles, advocating for corporate accountability with respect to social, ethical, environmental and governance issues. The Office of Investments has partnered with Ceres, a nonprofit organization that advocates for sustainability leadership. Through membership in Ceres' Investor Network on Climate Risk, Amherst College is able to advocate for, and participate in, numerous initiatives on environmental sustainability and efforts that will lead to a reduction of greenhouse gas emissions. In addition, the Amherst investment staff and Investment Committee continue to reshape and redirect the College's investments into a broad array of sustainable natural resources, which includes investments in all energy sectors: renewables (wind, solar, geothermal), storage, energy efficiency technology and energy infrastructure, as well as sustainable timber, minerals and agriculture. The Office of Investments embraces an "active engagement" approach by making our views known to current and prospective investment managers and by aggressively seeking to participate in collective efforts to influence action to address the real and acute problem of climate change.

LOOKING AHEAD

FY17 performance was satisfying both on an absolute and relative basis, particularly following a year in which portfolio diversification was punished, as was the case in FY16. The ability to be a patient investor, along with the ability to invest through market cycles, has allowed Amherst to be an attractive partner to some of the best investment managers in the world. The College's best-in-class investment partners have been a significant driver of its strong long-term performance.

The Investment Committee, working closely with the Office of Investments staff, continue to strive for capital appreciation with the appropriate level of risk. The College's reliance on the endowment to support the tremendous initiatives across the campus places Amherst in a unique place among peers. Preserving the ability to support these initiatives remains of utmost importance to both the Investment Committee and staff as we navigate markets in which value is difficult to find.



Mauricia Geissler
Chief Investment Officer

Twenty Years in Review

	2017	2016	2012	2007	2002	1997
Assets (000's omitted)						
Total Assets	$ 3,335,047	$ 3,104,805	$ 2,450,335	$ 2,176,840	$ 1,179,701	$ 701,081
Endowment Funds at Market	2,248,141	2,031,843	1,640,666	1,662,377	860,190	474,058
Life Funds at Market	81,814	77,425	76,432	76,493	64,181	54,128
Student Loans Outstanding	1,689	1,919	3,125	3,954	4,042	4,557
Income (000's omitted)						
Net Student Income	65,856	60,932	54,342	47,167	39,178	32,553
Student Income—% of Operating Expenditures	36.6%	35.5%	38.5%	41.3%	48.6%	54.0%
Gifts, Bequests, and Grants Received	49,199	35,348	73,209	32,329	28,481	33,646
Annual Fund, utilized	9,622	10,072	10,007	8,853	6,951	4,571
Endowment Income Distributed	96,171	91,087	62,872	48,895	28,229	19,307
Expenditures (000's omitted)						
Net Operating Expenditures	179,996	171,624	141,323	114,316	80,677	60,325
Educational and General	142,630	134,927	113,599	93,038	66,912	51,024
Scholarships Awarded (000's omitted)	51,611	50,703	40,985	23,678	15,834	10,604
Miscellaneous						
Number of Students, average for year	1,800	1,776	1,783	1,637	1,621	1,570
Comprehensive Fee	$ 65,330	$ 62,940	$ 53,370	$ 43,360	$ 33,860	$ 27,460
Net Cost per Student (net of scholarships)	99,998	96,635	79,261	69,822	49,770	38,424
Endowment per Student, based on fall enrollment	1,248,889	1,131,946	916,061	1,003,851	526,754	300,015
Comparative Investment Performances (Total Return Indexed)						
Amherst College Consolidated Fund	756	655	477	438	195	100
Standard and Poor's 500	398	338	201	199	120	100
Barclays Aggregate	278	279	249	179	144	100
MSCI EAFE Net	232	193	153	209	93	100
Investments (000's omitted)						
Funds (at market)						
Consolidated Fund	$ 2,247,124	$2,030,844	$ 1,639,588	$ 1,660,345	$ 858,316	$ 465,912
Folger Shakespeare Memorial Library	334,027	303,196	260,210	289,872	155,692	97,843
Separately Invested Endowment Funds	1,017	999	1,078	2,032	1,873	8,146
Immediate Life Income Funds	4,872	5,391	6,498	9,772	11,460	9,812
Balanced Life Income Funds	5,856	5,780	8,054	8,710	6,197	6,249
Gift Annuities	8,108	7,641	7,504	7,280	3,738	
Separately Invested Life Funds	62,978	58,613	54,376	50,731	42,786	38,067
Folger Life Income Funds	1,010	940	855	1,264	1,243	
Other Investments	192,426	170,342	263,615	41,738	24,504	
Total Funds	**$2,857,418**	**$2,583,746**	**$2,241,778**	**$2,071,744**	**$1,105,809**	**$626,029**
Investments by asset allocation						
Cash and cash equivalents	$ 188,241	$ 84,931	$ 90,314	$ 128,091	$ 75,634	$ 17,975
Domestic equities	143,415	157,968	103,413	274,278	152,494	268,639
Foreign equities	384,671	221,155	261,604	348,529	80,116	43,482
Global equities	279,284	358,542	86,216			
Private equities	639,174	560,346	436,258	392,332	137,733	30,302
Fixed income	164,442	57,798	255,625	121,879	218,714	167,931
Absolute return	780,543	869,608	603,794	549,676	360,521	62,072
Natural resources	261,875	267,499	392,970	255,045	76,608	19,708
Other investments	15,773	5,899	11,584	1,914	3,989	15,920
Total Investments	**$2,857,418**	**$2,583,746**	**$2,241,778**	**$2,071,744**	**$1,105,809**	**$626,029**

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Report of Independent Auditors

To the Board of Trustees of Amherst College

We have audited the accompanying consolidated financial statements of the Trustees of Amherst College and its subsidiary and the individual financial statements of Amherst College and Folger Shakespeare Memorial Library, which comprise the consolidated and individual balance sheets as of June 30, 2017, and the related consolidated and individual statements of activities and of cash flows for the year then ended.

Management's Responsibility for the Consolidated and Individual Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and individual financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated and individual financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated and individual 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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and individual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and individual financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Trustees of Amherst College and its subsidiary and the individual financial positions of Amherst College and Folger Shakespeare Memorial Library as of June 30, 2017, and the consolidated and individual changes in their net assets and their consolidated and individual cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Hartford, Connecticut
October 19, 2017

PricewaterhouseCoopers LLP, 185 Asylum Street, Suite 2400, Hartford, Connecticut 06103-3404
T: (860) 241 7000, F: (860) 241 7590, www.pwc.com/us

Consolidated and Individual Balance Sheet

June 30, 2017

	Amherst College	Folger Shakespeare Memorial Library	Total Consolidated
Assets			
Cash and cash equivalents	$ 116,429,189	$ 4,792,051	$ 121,221,240
Short term investments	114,950,682	-	114,950,682
Accounts receivable, net	5,271,388	580,190	5,851,578
Contributions receivable, net	32,899,217	19,407	32,918,624
Beneficial interest in perpetual trusts	17,205,755	-	17,205,755
Other assets	3,889,693	1,090,680	4,980,373
Investments	2,519,853,385	337,564,994	2,857,418,379
Student loans receivable, net	1,688,752	-	1,688,752
Property, plant and equipment, net	522,858,488	44,976,123	567,834,611
Total assets	**$3,335,046,549**	**$389,023,445**	**$3,724,069,994**
Liabilities and Net Assets			
Accounts payable	$ 20,350,395	$ 311,171	$ 20,661,566
Accrued liabilities	7,625,092	182,051	7,807,143
Deferred income and deposits	2,424,570	1,297,521	3,722,091
Liability for life income obligations	37,008,472	607,554	37,616,026
Pension and postretirement benefit obligations	58,383,691	8,839,118	67,222,809
Bonds payable	498,626,235	-	498,626,235
Interest rate swap agreement	13,769,182	-	13,769,182
Asset retirement obligations	2,722,355	175,877	2,898,232
Other liabilities	4,240,346	617,384	4,857,730
Total liabilities	**645,150,338**	**12,030,676**	**657,181,014**
Net Assets			
Unrestricted	1,002,390,965	70,939,218	1,073,330,183
Temporarily restricted	1,188,542,719	280,784,258	1,469,326,977
Permanently restricted	498,962,527	25,269,293	524,231,820
Total net assets	**2,689,896,211**	**376,992,769**	**3,066,888,980**
Total liabilities and net assets	**$3,335,046,549**	**$389,023,445**	**$3,724,069,994**

The accompanying notes are an integral part of these consolidated financial statements.

Statement of Activities | Amherst College

for the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and other support				
Student fee revenue	$ 92,800,069	$ -	$ -	$ 92,800,069
Residence and dining hall revenue	24,666,724	-	-	24,666,724
Less Amherst College scholarships awarded	(51,611,095)		-	(51,611,095)
Net student fee revenue	65,855,698	-	-	65,855,698
Endowment distribution	37,927,545	64,134,244	-	102,061,789
U. S. Government grants	-	1,642,242	-	1,642,242
Gifts and other grants	24,391,579	531,185	-	24,922,764
Other	10,916,344	177,421	-	11,093,765
Net assets released from restrictions for operations	122,255,784	(122,255,784)	-	-
Total operating revenues and other support	**261,346,950**	**(55,770,692)**	**-**	**205,576,258**
Operating expenses				
Instruction and academic programs	56,020,989	-	-	56,020,989
Academic support	19,581,224	-	-	19,581,224
Student services	30,667,662	-	-	30,667,662
Library	10,669,812	-	-	10,669,812
Research and public programs	4,553,514	-	-	4,553,514
General and administrative	28,810,922	-	-	28,810,922
Academic prizes, fellowships and awards	1,516,298	-	-	1,516,298
Auxiliary activities	32,463,190	-	-	32,463,190
Other	10,713,220	-	-	10,713,220
Total operating expenses	**194,996,831**	**-**	**-**	**194,996,831**
Change in net assets from operations	66,350,119	(55,770,692)	-	10,579,427
Nonoperating activities				
Realized and change in unrealized gains on investments, and investment income	88,536,806	240,848,864	3,531,969	332,917,639
Allocation of endowment spending to operations	(37,927,545)	(64,134,244)	-	(102,061,789)
Change in net value of life income funds	-	1,706,863	1,865,358	3,572,221
Unrealized gain and net settlement on interest rate swap	4,810,683	-	-	4,810,683
Gifts to life funds, endowment and plant	624,689	8,827,631	7,566,369	17,018,689
Change in post-retirement benefits, other than periodic benefit cost	9,756,686	-	-	9,756,686
Net assets released from restrictions for nonoperations	4,387,602	(4,387,602)	-	-
Total nonoperating activities	**70,188,921**	**182,861,512**	**12,963,696**	**266,014,129**
Increase in net assets	136,539,040	127,090,820	12,963,696	276,593,556
Net assets, beginning of year	**865,851,925**	**1,061,451,899**	**485,998,831**	**2,413,302,655**
Net assets, end of year	**$1,002,390,965**	**$1,188,542,719**	**$498,962,527**	**$2,689,896,211**

The accompanying notes are an integral part of these consolidated financial statements.

Statement of Activities | Folger Shakespeare Memorial Library

for the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and other support				
Student fee revenue	$ -	$ -	$ -	$ -
Residence and dining hall revenue	-	-	-	-
Less Amherst College scholarships awarded	-	-	-	-
Net student fee revenue	-	-	-	-
Endowment distribution	10,568,380	5,376,355	-	15,944,735
U. S. Government grants	-	1,273,486	-	1,273,486
Gifts and other grants	881,339	2,191,393	-	3,072,732
Other	3,956,720	-	-	3,956,720
Net assets released from restrictions for operations	20,011,963	(20,011,963)	-	-
Total operating revenues and other support	**35,418,402**	**(11,170,729)**	**-**	**24,247,673**
Operating Expenses				
Instruction and academic programs	2,089,135	-	-	2,089,135
Library	6,927,018	-	-	6,927,018
Research and public programs	6,131,512	-	-	6,131,512
General and administrative	6,332,600	-	-	6,332,600
Total operating expenses	**21,480,265**	**-**	**-**	**21,480,265**
Change in net assets from operations	13,938,137	(11,170,729)		2,767,408
Nonoperating activities				
Realized and change in unrealized gains on investments, and investment income	1,043,021	44,261,719	8,619	45,313,359
Allocation of endowment spending to operations	(10,568,380)	(5,376,355)	-	(15,944,735)
Change in net value of life income funds	-	(82,747)	(38,940)	(121,687)
Gifts to life funds, endowment and plant	504	55,765	101,492	157,761
Change in post-retirement benefits, other than periodic benefit cost	1,751,105	-	-	1,751,105
Total nonoperating activities	**(7,773,750)**	**38,858,382**	**71,171**	**31,155,803**
Increase in net assets	6,164,387	27,687,653	71,171	33,923,211
Net assets, beginning of year	**64,774,831**	**253,096,605**	**25,198,122**	**343,069,558**
Net assets, end of year	**$70,939,218**	**$280,784,258**	**$25,269,293**	**$376,992,769**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Activities | Total

for the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and other support				
Student fee revenue	$ 92,800,069	$ -	$ -	$ 92,800,069
Residence and dining hall revenue	24,666,724	-	-	24,666,724
Less Amherst College scholarships awarded	(51,611,095)	-	-	(51,611,095)
Net student fee revenue	65,855,698	-	-	65,855,698
Endowment distribution	48,495,925	69,510,599	-	118,006,524
U. S. Government grants	-	2,915,728	-	2,915,728
Gifts and other grants	25,272,918	2,722,578	-	27,995,496
Other	14,873,064	177,421	-	15,050,485
Net assets released from restrictions for operations	142,267,747	(142,267,747)	-	-
Total operating revenues and other support	**296,765,352**	**(66,941,421)**	**-**	**229,823,931**
Operating Expenses				
Instruction and academic programs	58,110,124	-	-	58,110,124
Academic support	19,581,224	-	-	19,581,224
Student services	30,667,662	-	-	30,667,662
Library	17,596,830	-	-	17,596,830
Research and public programs	10,685,026	-	-	10,685,026
General and Administrative	35,143,522	-	-	35,143,522
Academic prizes, fellowships and awards	1,516,298	-	-	1,516,298
Auxiliary activities	32,463,190	-	-	32,463,190
Other	10,713,220	-	-	10,713,220
Total operating expenses	**216,477,096**	**-**	**-**	**216,477,096**
Change in net assets from operations	80,288,256	(66,941,421)	-	13,346,835
Nonoperating activities				
Realized and change in unrealized gains on investments, and investment income	89,579,827	285,110,583	3,540,588	378,230,998
Allocation of endowment spending to operations	(48,495,925)	(69,510,599)	-	(118,006,524)
Change in net value of life income funds	-	1,624,116	1,826,418	3,450,534
Unrealized gain and net settlement on interest rate swap	4,810,683	-	-	4,810,683
Gifts to life funds, endowment and plant	625,193	8,883,396	7,667,861	17,176,450
Change in post-retirement benefits, other than periodic benefit cost	11,507,791	-	-	11,507,791
Net assets released from restrictions for nonoperations	4,387,602	(4,387,602)	-	-
Total nonoperating activities	**62,415,171**	**221,719,894**	**13,034,867**	**297,169,932**
Increase in net assets	142,703,427	154,778,473	13,034,867	310,516,767
Net assets, beginning of year	**930,626,756**	**1,314,548,504**	**511,196,953**	**2,756,372,213**
Net assets, end of year	**$1,073,330,183**	**$1,469,326,977**	**$524,231,820**	**$3,066,888,980**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended June 30, 2017

	Amherst College	Folger Shakespeare Memorial Library	Total
Cash flows from operating activities			
Increase in net assets	$ 276,593,556	$33,923,211	$ 310,516,767
Adjustments to reconcile decrease in net assets to net cash used in operating activities			
Depreciation	16,659,711	944,424	17,604,135
Unrealized gain on investments	(236,819,122)	(32,334,568)	(269,153,690)
Unrealized gain on interest rate swap agreement	(6,707,294)	-	(6,707,294)
Change in post-retirement benefits, other than periodic benefit cost	(9,756,686)	(1,751,105)	(11,507,791)
Change in beneficial interest in perpetual trusts	(1,767,682)	-	(1,767,682)
Realized gain on investments, net	(78,852,284)	(11,195,739)	(90,048,023)
Contributions for long term investment	(11,078,757)	(169,761)	(11,248,518)
Change in bond discount and issue costs	(2,720,846)	-	(2,720,846)
Decrease in assets			
Accounts receivable, net	2,503,631	591,068	3,094,699
Contributions receivable	3,570,137	195,134	3,765,271
Other assets	3,686,673	553,394	4,240,067
Increase (decrease)			
Accounts payable	226,964	(234,258)	(7,294)
Accrued liabilities	(2,141,993)	57,919	(2,084,074)
Deferred income and deposits	490,808	788,114	1,278,922
Liability for life income obligations	1,111,474	121,687	1,233,161
Pension and postretirement benefit obligations	3,591,731	832,587	4,424,318
Asset retirement obligations	(2,878,505)	6,512	(2,871,993)
Other liabilities	(1,237,840)	65,063	(1,172,777)
Net cash used in operating activities	**(45,526,324)**	**(7,606,318)**	**(53,132,642)**
Cash flows from investing activities			
Purchases of plant and equipment, net	(77,739,509)	(1,554,304)	(79,293,813)
Net change in student loans receivable	229,931	-	229,931
Purchases of short term investments	(159,879,511)	-	(159,879,511)
Proceeds from sales of short term investments	166,077,771	-	166,077,771
Purchases of investments	(337,596,902)	(43,394,975)	(380,991,877)
Proceeds from sales and maturities of investments	415,109,335	55,720,502	470,829,837
Net cash provided by investing activities	**6,201,115**	**10,771,223**	**16,972,338**

Consolidated Statement of Cash Flows

(continued)

	Amherst College	Folger Shakespeare Memorial Library	Total
Cash flows from financing activities			
Contributions for long term investment	11,078,757	169,761	11,248,518
Payments to beneficiaries under split interest agreements	(4,266,738)	(42,255)	(4,308,993)
Payments on long-term debt	(32,390,000)	-	(32,390,000)
Net cash (used in) provided by financing activities	**(25,577,981)**	**127,506**	**(25,450,475)**
Net change in cash and cash equivalents	(64,903,190)	3,292,411	(61,610,779)
Cash and cash equivalents, beginning of year	**181,332,379**	**1,499,640**	**182,832,019**
Cash and cash equivalents, end of year	**$116,429,189**	**$4,792,051**	**$121,221,240**
Supplemental data			
Interest and net swap settlements paid	$ 19,163,534	$ -	$ 19,163,534
Gifts in kind	416,005	-	416,005
Purchases of plant and equipment included in accounts payable	6,060,079	50,550	6,110,629
Contributed securities	$ 9,419,977	$ 667,880	$ 10,087,857

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. Accounting Policies

ORGANIZATION

The Trustees of Amherst College (the "Institution") comprises a legal entity and Board overseeing the activities of Amherst College (the "College") and Folger Shakespeare Memorial Library (the "Library"). All entities and activities within the Institution are ultimately governed by the Board.

The College is an academically rigorous, residential, full-time, private, nonsectarian institution of higher education committed to the liberal education of young men and women. The Library is a center for advanced research in Shakespeare and the early modern period. It also sponsors a rich and varied season of cultural, educational and academic programs and is the home of The Shakespeare Quarterly.

In accordance with the terms of the wills of Henry Clay Folger, Class of 1879, and his wife, Emily Jordan Folger, the Institution established the Folger Shakespeare Memorial Library. The original gift to establish the Library provides that 25% of the Folger Fund annual investment income up to a maximum of $226,000 is to be distributed for the general operations of the College. The maximum was distributed in fiscal year 2017.

The Institution qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

The Institution owns 100% of the common stock of its subsidiary, Amherst Inn Company (the "Inn"). The Inn has been consolidated in the Institution's consolidated financial statements. For purposes of presentation, the Inn's activity is included within the Amherst College financial information.

BASIS OF PRESENTATION

The consolidated financial statements have been prepared on the accrual basis of accounting. The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and revenues, gains and expenses recognized during the reporting period. Actual results could differ from those estimates.

The Institution's significant estimates include the fair value of its alternative investments, reserves for contributions, student loans and accounts receivable, retirement and postretirement benefit obligations, asset retirement obligations, and its liability for life income obligations.

The classifications of net assets and revenues, expenses, gains, and losses are determined by the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been reported as follows:

Permanently Restricted—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Institution. Generally, the donors of these assets permit the Institution to use all or part of the income earned on these assets. Such assets primarily include the Institution's permanent endowment funds.

Temporarily Restricted—Net assets whose use by the Institution is subject to donor-imposed stipulations that can be fulfilled by actions of the Institution or that expire by the passage of time. Realized and unrealized gains and losses on permanently and temporarily restricted donor funds are recorded as temporarily restricted net assets in accordance with Massachusetts law.

Unrestricted—Net assets that are not subject to donor-imposed stipulations. 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.

Contributions are reported as increases in the applicable category of net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in the applicable category of unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Revenues from other sources are generally reported as increases in unrestricted net assets. Expirations of temporary restrictions recognized on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long lived assets are considered met in the period in which the assets are acquired or placed in service.

Contributions, including unconditional promises to give, are recognized as revenues in the period the commitment is received. Contributions received with donor imposed restrictions are reported as permanently or temporarily restricted revenues depending upon the specific restriction. 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 at the date of gift. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as contribution revenue. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors. Grant revenue from exchange contracts is recognized in the period in which the grant expenditures are incurred.

Nonoperating activities include transactions of a capital nature such as realized and changes in unrealized gains and losses on investments to be reinvested by the Institution to generate a return that will support operations, additions or changes in the value of split-interest agreements, contributions to endowment, life income and plant, unrealized gains and net settlement on interest rate swaps, and postretirement benefit changes other than net periodic pension cost.

INTERPRETATION OF RELEVANT LAW

Absent explicit donor stipulations to the contrary, The Board of Trustees of the Institution has interpreted Massachusetts' Uniform Prudent Management of Institutional Funds Act ("UPMIFA") statute, which was enacted in July 2009, and related Commonwealth of Massachusetts Attorney General guidance to require the preservation of donor-restricted endowment funds at their fair value measured on the date of the gift. As a result of this interpretation, the Institution classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) 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 as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Institution in a manner consistent with the standard of prudence prescribed by UPMIFA.

INVESTMENTS

The Institution has established a diversified investment portfolio in accordance with the investment strategy determined by the Investment Committee of the Board of Trustees.

Investments are recorded at fair value. The values of publicly traded fixed income and equity securities are based upon quoted market prices at the close of business on the last day of the fiscal year. Investments in units of nonpublicly traded pooled funds are valued at the unit value determined by the fund's administrator based on quoted market values of the underlying securities. Private equities and certain other nonmarketable securities, including alternative investments, are valued using current estimates of fair value based upon the net asset value of the funds determined by the general partner or investment manager for the respective funds. Because alternative investments are not readily marketable, the estimated fair value is subject to uncertainty and may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material. The Institution's alternative investments include venture capital funds, private equity funds and investments in real estate and natural resources. These alternative investments represented approximately 32% of the Institution's investments at June 30, 2017.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect investment balances and results included in the consolidated financial statements.

Under the terms of certain limited partnership agreements that represent venture capital, private equity, real estate and natural resources investments, the Institution is obligated to remit additional funding periodically as capital calls are exercised.

Purchases and sales of investments are recorded on the trade date of the transaction. Realized investment gains and losses are recorded based on the average cost method for all investments except where specific identification is required by tax law.

DERIVATIVE FINANCIAL INSTRUMENTS

The Institution's investment policies allow for the use of derivative financial instruments to manage currency exchange and interest rate risks arising from investments in nonderivative assets in proportion to the assets at risk. Such instruments consist of forward foreign exchange and interest rate futures contracts entered into as part of the investments of the Institution.

The College utilizes swap agreements to moderate its exposure to interest rate risk on certain bond issuances. (Note 6)

The Institution also has investments which participate directly, or have the option to participate in, derivative financial instruments. These investments represent 27% of the Institution's total consolidated endowment funds. Derivatives held by fund managers in which the Institution invests pose no off balance sheet risk to the Institution due to the limited liability structure of the investment.

BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Beneficial interest in perpetual trusts represent resources neither in the possession of nor under the control of the Institution, but held and administered by outside fiscal agents, with the College deriving income from such funds. The trusts are recorded at their respective fair values, which are reported periodically to us by the outside fiscal agent.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. The cost of collections at the College are expensed as incurred.

The Institution capitalizes the cost of construction and major improvements to buildings, and purchases of equipment, and library books. Depreciation is calculated on a straight line basis over the estimated useful life of the asset. Purchases for the Library's collections are recorded at cost. (Note 11)

CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments with a maturity of three months or less at the time of purchase. Cash and cash equivalents representing assets of endowment and similar funds and life income funds are included in long-term investments. Cash equivalents are recorded at cost which approximates fair value.

SHORT TERM INVESTMENTS

Short term investments are comprised of equity securities received as gifts and identified for liquidation by the Institution, as well as funds identified for specific capital projects expected to be liquidated in the short term.

LIFE INCOME OBLIGATIONS

Life income obligations result from annuity and life income agreements which are irrevocable charitable remainder agreements. The assets held for these agreements are reported as part of the Institution's investments at their fair value. The Institution records contribution revenue for the gift, net of the liability calculated as the present value of the estimated future payments to be made to the beneficiaries. The liability has been determined using discount rates ranging from 1.0% to 6.9% dependent upon the year in which the agreement was entered. The obligation is adjusted during the term of the agreement for changes in the value of the assets, amortization of the discount and other changes in the estimates of future benefits.

ASSET RETIREMENT OBLIGATIONS

An asset retirement obligation ("ARO") is a legal obligation associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the Institution records period-to-period changes in the ARO liability resulting from the passage of time or revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The Institution reduces ARO liabilities when the related obligations are settled.

UNCERTAIN TAX POSITIONS

The Institution is generally exempt from federal and state income taxes. Management performs an annual review for uncertain tax positions along with any related interest and penalties and believes that the Institution has no uncertain tax positions that would have a material adverse effect, individually or in the aggregate, upon the Institution's balance sheet, or the related statements of activities, or cash flows.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". Under the new guidance, recognition of revenue from customer contracts is a principles-based framework. ASU No. 2014-09 is effective for the fiscal year ended June 30, 2019; the Institution is currently evaluating the impact that its adoption will have on the consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs" which requires debt issuance costs to be presented on the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of debt premium or discount. ASU No. 2015-03 is effective for the fiscal year ended June 30, 2017. The impact in 2017 was a $2,841,392 reduction in both total assets and liabilities.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities". Per this guidance, entities (that are not public business entities) are not required to apply the fair value of financial instruments disclosure guidance in the General Subsection of Section 825-10-50. The Institution has adopted this guidance in fiscal 2017.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU No.

2016-02 is effective for the fiscal year ended June 30, 2020; the Institution is currently evaluating the impact that its adoption will have on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, "Presentation of Consolidated Financial Statements for Not-for-Profit Entities". Under the new guidance, the existing three-category classification of net assets will be collapsed into two categories: with donor restrictions and without donor restrictions. Endowments that have a current fair value that is less than the original gift amount (underwater) will be classified in net assets with donor restrictions and expanded disclosures will be required. Additional requirements include disclosure of board-designated net assets, expanded reporting to present expenses by function and natural classification and eliminating the disclosure of investment expenses that are netted against investment returns. ASU No. 2016-14 is effective for the fiscal year ended June 30, 2019; the Institution is currently evaluating the impact that its adoption will have on the consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". The amendments in this update require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the statement of activities separately from the service cost component and outside a subtotal of income from operations. The amendments in this update also allow only the service cost component to be eligible for capitalization when applicable. ASU No. 2017-17 is effective for the fiscal year ended June 30, 2020; the Institution is currently evaluating the impact its adoption will have on the consolidated financial statements.

2. Investments

The Institution records its investments at fair value. Fair value is the amount that would be received when selling an asset or paying to transfer a liability in an orderly transaction between market participants at the measurement date. The degree of judgment utilized in developing those assumptions generally correlate to the level of pricing observability. The availability of observable inputs can vary among financial assets and liabilities.

For investments, fair value is affected by a wide variety of factors including the type of investment, whether the investment is new and not yet established in the market place and other characteristics particular to the investment. The inputs used for valuing investments are not necessarily an indication of the risk associated with investing in those securities.

The Institution's investments have been categorized based upon a fair value hierarchy comprised of the following three broad levels:

Level 1: Valuations based on observable inputs that reflect quoted prices in active markets for identical assets and liabilities. Assets and liabilities utilizing Level 1 inputs include exchange traded securities, short term money market funds and actively-traded obligations issued by the U.S. Treasury.

Level 2: Valuations based upon quoted prices for identical or similar assets or liabilities in markets that are less active or other significant market-based inputs which are observable, either directly or indirectly.

Level 3: Valuations based on unobservable inputs that are significant to determining an overall fair value measurement. Assets and liabilities utilizing Level 3 inputs include real estate partnerships, private equity investments, and other illiquid securities with little, if any, market activity. Valuation of these instruments entails a significant degree of estimation and judgment. The investments of the Institution classified as Level 3 are perpetual trusts where the College has been named a beneficiary and certain investments held in custody by TIAA and further disclosed in Note 9.

In accordance with ASU 2015-07, *Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent),* the Institution has displayed those investments valued at net asset value outside of the leveling table. The Institution has performed due diligence procedures related to these investments to support recognition at fair value as of June 30, 2017.

The comparison of fair value and cost for investments in accordance with the fair value hierarchy was as follows as of June 30, 2017:

College
Fair Value Measurements as of June 30, 2017

Description	Level 1	Level 2	Level 3	Total	Cost
Financial Assets					
Cash and equivalents	$167,095,769	$ -	$ -	$167,095,769	$167,095,769
Domestic equities	132,346,095	-	-	132,346,095	87,178,798
Fixed income	143,591,462	-	-	143,591,462	147,163,213
Investments valued at net asset value	-	-	-	2,076,820,059	1,491,634,692
Total Investments	**443,033,326**	**-**	**-**	**2,519,853,385**	**1,893,072,472**
Beneficial interest in perpetual trusts	-	-	17,205,755	17,205,755	17,076,463
Total Financial Assets	**$443,033,326**	**$ -**	**$17,205,755**	**$2,537,059,140**	**$1,910,148,935**

As of June 30, 2017, the College had interest rate swaps with a fair value liability of $13,769,182 which were valued using significant other observable inputs (Level 2).

Library
Fair Value Measurements as of June 30, 2017

Description	Level 1	Level 2	Level 3	Total	Cost
Financial Assets					
Cash and equivalents	$21,144,964	$ -	$ -	$21,144,964	$21,144,964
Domestic equities	17,894,614	-	-	17,894,614	10,697,493
Fixed income	18,702,599	-	-	18,702,599	17,735,582
Other investments	150,164	-	-	150,164	165,082
Investments valued at net asset value	-	-	-	279,672,653	190,144,692
Total Investments	**$57,892,341**	**$ -**	**$ -**	**$337,564,994**	**$239,887,813**

There were no transfers between levels during fiscal year 2017.

The Institution's investments as of June 30, 2017 are comprised of the following

	College	Library	Total
Endowment assets	$2,248,140,501	$334,026,825	$2,582,167,326
Other assets invested	189,898,691	2,527,737	192,426,428
Life income assets	81,814,193	1,010,432	82,824,625
Total	**$2,519,853,385**	**$337,564,994**	**$2,857,418,379**

The Institution's major investment categories are comprised of the following:

DOMESTIC EQUITIES

The Domestic Equities category includes investments in separate accounts and institutional commingled funds that invest primarily in the equity securities of U.S. domiciled corporations. Fund managers generally hold long portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality. The fair values of the investments in this category are estimated using the net asset value (NAV) per share of the fund, or in the case of the majority of these assets where the securities are directly owned in a separate account, they are recorded at the market value of the underlying securities at the close of business on June 30. Level 1 securities are marketable securities for which there exists readily determinable prices, which usually derive from exchanges or other active markets.

GLOBAL EQUITIES

The Global Equities category includes investments in institutional commingled funds that invest primarily in the equity securities of both U.S. domiciled and foreign corporations. Fund managers generally hold long portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality. The fair values of the investments in this category are estimated using the net asset value (NAV) per share of the funds.

FOREIGN EQUITIES

The Foreign Equities category includes investments in institutional commingled funds that invest primarily in the equity securities of non-U.S. domiciled corporations. Fund managers generally hold long portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality. The fair values of the investments in this category are estimated using the net asset value (NAV) per share of the funds.

PRIVATE EQUITIES

The Private Equities category includes investments in limited partnerships that invest primarily in unlisted, non-public U.S. and non-U.S. domiciled companies. Private Equity includes venture capital (early-stage) and buyout (later-stage) investments. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, uniqueness of market and product, strategic advantage, corporate management quality, financial conditions and financing requirements, and anticipated exit strategies. These investments are generally illiquid, with partnership commitment terms of often at least ten years. The fair values of the investments in this category are estimated using the General Partner's valuation of investments, generally equal to or based upon the reported capital account or net asset value (NAV) of the underlying investee funds.

FIXED INCOME

The Fixed Income category includes investments in separate accounts and commingled funds that invest primarily in the debt securities of U.S. domiciled corporations. Fund managers hold long and short portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, duration, convexity, liquidity, credit risk, term structures, and strategic advantage. Liquidity for these funds is provided daily. The fair values of the investments in this category are estimated using the net asset value (NAV) per share of the funds or in the case of the separate accounts where the securities are directly owned, they are recorded at the market value of the underlying securities at the close of business on June 30. Level 1 securities are marketable securities for which there exists readily determinable prices, which usually derive from exchanges or other active markets.

ABSOLUTE RETURN

The Absolute Return category includes investments in commingled funds that invest primarily in the equity, debt, and derivative securities of U.S. and non-U.S. domiciled corporations. Fund managers hold long and short portfolio capital assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, free cash flow, profitability, strategic advantage, and corporate management quality. The fund managers may also invest in securities related to interest rates, exchange rates, and privately held assets. The fair values of the investments in this category are estimated using the net asset value (NAV) per share of the funds.

REAL ESTATE AND NATURAL RESOURCES

The Real Estate and Natural Resources category includes investments in limited partnerships that invest primarily in unlisted, non-public U.S. and non-U.S. real estate, timber, and oil and gas assets. Underlying investment securities in the funds are selected based upon several criteria, including, but not limited to: absolute and relative valuation, uniqueness of market and product, strategic advantage, corporate management quality, financial conditions and financing requirements, and anticipated exit strategies. These investments are generally illiquid, with partnership commitment terms of often at least ten years. The fair values of the investments in this category are estimated using the General Partner's valuation of investments, generally equal to or based upon the reported capital account or net asset value (NAV) of the underlying investee funds.

OTHER

The Other category includes investments in separate account and general partnership funds that have been or are currently being liquidated. Level 1 securities are marketable securities for which there exists readily determinable prices, which usually derive from exchanges or other active markets.

The unfunded commitment and redemption frequencies of the Institution's investment categories as of June 30, 2017 were as follows:

Institution

Investment Strategy	Unfunded Commitment	Notice Period and Redemption Frequency
Domestic equities	-	No notice period; immediate to annual redemption
Global equities	$ 10,000,000	10 business days to 30 day notice; between monthly and five year redemption
Foreign equities	-	6-90 day notice; between monthly and five year redemption
Private equities	317,863,000	Not redeemable
Fixed income	18,055,000	No notice period; between immediate and not redeemable
Absolute return	-	90 day notice; between annual and five year redemption
Real estate and natural resources	80,072,000	Not redeemable
	$425,990,000	

The investments in domestic equities do not possess a defined liquidation period. These investments can be liquidated as deemed appropriate by the Institution. The Institution is unable to redeem its investments in private equities, real estate and natural resources until the underlying partnerships are dissolved and the funds closed, although the Institution would have the ability to liquidate these partnerships through a negotiated transaction in the secondary market. Investments in private equities, real estate and natural resources have remaining durations from one to fifteen years as of June 30, 2017. Lockup periods on the investment strategies above range from thirty days to five years.

The rollforward of the Level 3 total financial assets for the Institution as of June 30, 2017 is as follows:

Institution
Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Investment Category	Beginning Balance	Net Unrealized Loss	Purchases and Issuances	Sales and Settlements	Net Transfers In (Out) of Level 3	Ending Balance
Perpetual trusts	**$15,438,073**	**$1,767,682**	**$ -**	**$ -**	**$ -**	**$17,205,755**

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Institution has adopted a spending policy that is calculated as a percentage of the average market value of the endowment for the three previous years. This allows for the smoothing of growth and decline in endowment fair values. Specifically, the formula used to set the amount of annual spending increases the prior year's distribution by a factor equal to inflation plus the percentage growth in the endowment from prior year capital gifts. This amount is compared to the budgetary needs of the Institution and is increased with approval of the Board of Trustees, if possible, to reflect the use of market growth over time. The calculated amount is also evaluated as a percentage of the endowment's market value and the growth portion of the formula would be held to a rate at or below inflation if the spending rate were to continue to exceed 5.0% over time. It is expected that over time the rate will range between 3.5% and 5.0% of the average market value of the endowment for the three previous years—higher in years of market decline and lower in years of market growth.

The Institution has adopted investment policies for its endowment assets that seek to ensure that current and future spending requirements are supported, while also preserving the endowment fund in perpetuity. Endowment assets include those assets that have been restricted by the donor or designated by the Trustees and are invested to provide future revenue to support the Institution's activities. Under the Institution's investment policy, as approved by the Committee on Investment of the Board of Trustees, an asset allocation or strategic policy portfolio is developed based on long-term return, risk and correlation assumptions that seek to balance the need for liquidity, preservation of purchasing power, and risk tolerance. The Institution uses two benchmarks to assess aggregate performance:

- Simple Market Benchmark—serves to help evaluate the value added from asset allocation in creating a well-diversified investment program versus a nondiversified market index. This benchmark consists of: 60% S&P 500 Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index.
- Strategic Policy Portfolio Benchmark—serves to evaluate the impact of manager selection and active management versus passive management. This benchmark is a weighted average return derived by applying the target policy weights of each asset class to the performance of the respective asset class benchmarks.

The Institution expects its endowment funds, over time, to provide an average real rate of return of approximately 3.5% percent annually (or a nominal annual rate of return of approximately 6.0%). The investments in the Institution's endowment portfolio involve various risks, and actual returns in any given year may vary from this anticipated long-term average annual rate of return.

To satisfy its long-term return objectives, the Institution relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Institution has established a strategic policy portfolio that is diversified across asset classes.

3. Endowment and Similar Funds

Included in unrestricted, temporarily restricted, and permanently restricted net assets are the College's and Library's endowment and similar funds and life income funds.

Endowment and similar funds is a commonly used term to refer to the resources that have been restricted by the donor or designated by the Trustees that will be invested to provide future revenue to support the Institution's activities. Included in endowment are funds which were not restricted by the donor and, accordingly, are unrestricted net assets of the Institution.

Included in Endowment are the Consolidated Endowment Funds for both the College and the Library and separately invested endowment funds. The fair value of the Amherst College Consolidated Endowment Fund as of June 30, 2017 was $2,247,123,866 with a per share fair value of $25.49 ($23.16 at June 30, 2016). The fair value of the separately invested endowment funds as of June 30, 2017 was approximately $1,016,635. The fair value of the Folger Fund as of June 30, 2017 was $334,026,825 with a per share fair value of $38.72 ($35.13 at June 30, 2016). The total endowment shares in the Amherst College Consolidated Endowment Fund as of June 30, 2017 were 88,146,143. The total endowment shares in the Folger Fund as of June 30, 2017 were 8,626,677.

Net assets of life income funds represent the difference between the investment assets of the funds and the estimated liability for the obligation to beneficiaries.

Net assets included the following endowment and similar funds at June 30, 2017:

College

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds				
Endowment				
Income unrestricted	$ 9,819,129	$ 172,859,558	$ 173,026,229	$ 355,704,916
Income restricted	15,072,542	945,754,078	284,403,650	1,245,230,270
Quasi-endowment				
Income unrestricted	466,166,245	-	-	466,166,245
Income designated	106,153,520	-	-	106,153,520
Appropriated for spending	74,885,550	-	-	74,885,550
	$672,096,986	**$ 1,118,613,636**	**$457,429,879**	**$2,248,140,501**
Life income funds				
Income		$ 3,525,780	$ 478,751	$ 4,004,531
Balanced		3,555,601	1,509,608	5,065,209
Annuity		2,469,146	2,574,500	5,043,646
Unitrusts		17,246,315	12,517,415	29,763,730
		$ 26,796,842	**$ 17,080,274**	**$ 43,877,116**

Library

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds				
Endowment				
Income unrestricted	$ -	$ 223,110,306	$ 5,944,903	$ 229,055,209
Income restricted	3,823,666	56,886,252	19,179,919	79,889,837
Quasi-endowment				
Income unrestricted	13,080,619	-	-	13,080,619
Income designated	10,260,738	-	-	10,260,738
Appropriated for spending	1,740,422	-	-	1,740,422
	$28,905,445	**$279,996,558**	**$25,124,822**	**$334,026,825**
Life Income Funds	**$ -**	**$ 685,220**	**$ 325,212**	**$ 1,010,432**

The activity of the endowment and similar funds net assets for the College and Library for the year ended June 30, 2017 is as follows:

College

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$606,394,462	$ 976,135,563	$ 449,312,902	$ 2,031,842,927
Investment return				
Investment income	644,397	-	1,173,712	1,818,109
Net realized and unrealized appreciation (depreciation)	99,273,600	232,520,889	(13,021)	331,781,468
Total investment return	99,917,997	232,520,889	1,160,691	333,599,577
Contributions	224,689	69,653	6,268,940	6,563,282
Appropriation of endowment return for expenditure	(36,452,648)	(90,112,468)	-	(126,565,116)
Other changes	2,012,485	-	687,346	2,699,831
Endowment net assets, end of year	**$672,096,985**	**$1,118,613,637**	**$457,429,879**	**$2,248,140,501**

Library

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 25,944,356	$ 252,214,369	$ 25,037,278	$ 303,196,003
Investment return				
Investment income,	87,280	14,265	-	101,545
Net realized and unrealized appreciation	3,852,535	43,652,446	-	47,504,981
Total investment return	3,939,815	43,666,711	-	47,606,526
Contributions	504	55,765	101,491	157,760
Appropriation of endowment return for expenditure	(1,381,609)	(15,296,686)	-	(16,678,295)
Other changes	402,379	(643,601)	(13,947)	(255,169)
Endowment net assets, end of year	**$28,905,445**	**$279,996,558**	**$25,124,822**	**$334,026,825**

TOTAL RETURN DISTRIBUTION ON INVESTMENTS

The Institution adds interest and dividends earned on the College's investments and the Folger Fund, which represent approximately 99% of the investments of its endowments and similar funds, to the income allocation pools from which returns are distributed to the respective funds at a predetermined, per share rate set annually by the Board of Trustees. The Institution's spending is determined on a total return basis. The total amount distributed for spending in 2017 was $109,482,778 for the College and $14,657,445 for the Library. In addition, investment manager fees and expenses, which include the general partners' share of gains in limited partnerships, were distributed from this pool and were $34,163,542 for the College and $4,262,051 for the Library. Interest and dividend income earned in 2017 by the Funds was $17,081,204 and $2,241,201 for the College and Library, respectively. The amount distributed in excess of interest and dividend income earned was provided by transferring realized gains from the Institution's investment pools of $126,565,116 for the College and $16,678,295 for the Library.

In accordance with UPMIFA statutes, the Institution considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration of the fund

(2) The purpose of the Institution and 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 Institution

(7) The investment policies of the Institution

4. Contributions

Contributions receivable, net, are summarized as follows at June 30, 2017:

	College	Library
Unconditional promises expected		
to be collected within		
One year	$ 6,693,966	$ 19,407
Two to five years	20,384,790	-
Over five years	9,673,007	-
	36,751,763	19,407
Less: Unamortized discount		
and allowance for uncollectible accounts	(3,852,546)	-
	$32,899,217	**$19,407**

At June 30, 2017 the College had also received conditional promises to give of $6,780,000. These conditional promises will not be recognized as assets until the conditions are substantially met. They are generally restricted for specific purposes stipulated by donors, primarily endowments for faculty support, scholarships, buildings and improvements or general operating support.

5.Property, Plant and Equipment

Property, plant and equipment as of June 30, 2017 consisted of the following:

	Useful Life	College	Library
Land	-	$ 8,552,404	$ 908,397
Land improvements	10	26,248,969	
Buildings and improvements	50	525,008,524	31,120,798
Faculty residences	30	14,311,879	-
Equipment	5–10	69,446,012	5,513,869
Library books	10	33,034,423	-
Folger collection		-	25,525,601
		676,602,211	63,068,665
Less: Accumulated depreciation		(258,564,704)	(18,513,862)
		418,037,507	44,554,803
Construction in progress		104,820,981	421,320
		$522,858,488	**$44,976,123**

In fiscal year 2017 depreciation of these assets amounted to $16,659,711 for the College and $944,424 for the Library.

6. Bonds Payable

The Institution has financed the cost of constructing and renovating various College facilities through the issuance of Massachusetts Development Finance Agency (the "Agency" or "MDFA") bonds. The Institution issued taxable bonds in fiscal year 2009 for working capital and other eligible purposes and in fiscal years 2013 and 2016 issued taxable bonds to finance certain capital projects and other eligible purposes.

The College's fiscal year 2017 debt service and bonds payable as of June 30, 2017 were as follows:

MDFA Series/ Taxable Bonds	Final Year of Maturity	2017 Debt Service	Bonds Payable
F	2026	$ 27,365,315	$ -
H	2033	315,400	39,425,000
I	2028	2,171,513	25,500,000
J-1	2035	197,098	30,000,000
J-2	2035	116,882	20,000,000
K-1	2021	719,783	3,255,000
K-2	2038	814,858	45,740,000
Taxable Bonds, Series 2009A	2039	5,875,000	100,000,000
Taxable Bonds, Series 2012A	2042	5,412,386	90,545,000
Taxable Bonds, Series 2015	2045	6,150,000	150,000,000
Less bond discounts/issue costs			(5,838,765)
		$49,138,235	$498,626,235

The Series F bonds were fully paid down on December 1, 2016 with a final payment of $25,000,000.

The Series H bonds are a variable rate issue and a general obligation of the College. The interest rate during fiscal year 2017 was 0.80%. The bonds are subject to optional redemption at par plus accrued interest at the option of the College.

The Series I bonds are a variable rate issue and a general obligation of the College. The average interest rate for fiscal year 2017 was 0.65% and the interest rate at June 30, 2017 was 0.90%. The bonds are subject to optional redemption at par plus accrued interest at the option of the College.

The Series J bonds are a variable rate issue and a general obligation of the College. The interest rate on the issue averaged 0.65% for the Series J-1 bonds and 0.58% for the Series J-2 bonds for the fiscal year 2017. The interest rate was 0.90% for the Series J-1 bonds and 0.92% for the Series J-2 bonds at June 30, 2017. The bonds are subject to optional redemption at par plus accrued interest at the option of the College.

The Series K-1 bonds were issued at a fixed rate and are a general obligation of the College. The average interest rate on the issue was 4.00% for the year ended June 30, 2017. The Series K-2 bonds are a variable rate issue and a general obligation of the College. The interest rate during fiscal year 2017 was 1.49%. The proceeds were used for capital projects. The Series K-1 bonds maturing on or after November 1, 2018 are subject to optional redemption after that date, at the option of the Agency with the written consent of the College or at the written direction of the College. The Series K-2 bonds are not subject to optional redemption.

The Series 2009A taxable bonds were issued at a fixed rate of 5.875% and are a general obligation of the College. The proceeds of the bonds were used by the College for the payment of the issuance costs, working capital, and other eligible expenses. The bonds are subject to optional redemption at the discretion of the College with a make-whole provision.

The Series 2012A taxable bonds remaining were issued at rates fixed between 0.965% and 3.794% and are a general obligation of the College. The proceeds of the bonds were used by the College for the payment of the issuance costs, certain capital projects, and other eligible expenses. The bonds are subject to optional redemption at the discretion of the College with a make-whole provision.

The Series 2015 taxable bonds were issued at a fixed rate of 4.10% and are a general obligation of the College. The proceeds of the bonds were used by the College for the payment of the issuance costs, certain capital projects, and other eligible expenses. The bonds are subject to optional redemption at the discretion of the College with a make-whole provision.

In connection with the issuance of the Series I and Series J bonds, the College entered into interest rate swap agreements to moderate its exposure to interest rate changes. The swaps were not designated as cash flow hedges for the bonds. The interest rate swap agreements effectively change the interest rate exposure on the issues from a variable rate to a fixed rate of 3.07% for Series I and 3.13% for Series J. The interest rate swap agreements have a notional amount of $75,500,000 as of June 30, 2017 and termination date equal to the maturity date of the respective bonds. On June 30, 2017, the fair value of the interest rate swap agreements was a liability of $13,769,182, which is a Level 2 fair value measurement. The net change in the fair value of the liability from the prior year balance and the net settlements was $4,810,683 for the year ended June 30, 2017.

The principal payments on all of the Institution's bonds for the fiscal years 2018 through 2022 is $5,180,000; $5,275,000; $5,605,000; $5,245,000; and $5,480,000, respectively. The combined principal payments thereafter approximates $477,680,000.

The Series F, H, I, J and K-2 bonds are subject to tender by bondholders. As of June 30, 2017, the Series J-2 bonds are set to remarket in a daily mode, the Series I and J-1 bonds set in a weekly mode and Series Hand K-2 in a term mode until December 2017 and November 2016, respectively. If these bonds had been fully tendered as of June 30, 2017, or on their next remarketing date, the principal payments for fiscal years 2017 through 2022 would have been approximately, $163,100,000; $3,000,000; $3,100,000; $3,300,000 and $3,100,000, respectively. The principal payments thereafter would have approximated $325,500,000. The College has not experienced a failed remarketing of its bonds.

7. Lines of Credit

The College has uncollateralized bank lines of credit for purposes of repurchasing its outstanding bonds if they are unable to be remarketed as of June 30, 2017 as follows:

Available Borrowing Capacity	Balance Outstanding	Interest Rate	Termination Date
$50,000,000	$ -	Greater of Prime + 1.5%, Federal Funds Rate + 3.0%, or 7.5%	June 28, 2018

The College has uncollateralized bank lines of credit for operational purposes as of June 30, 2017 as follows:

Available Borrowing Capacity	Balance Outstanding	Interest Rate	Termination Date
$37,500,000	$ -	LIBOR plus 0.30%	September 1, 2017
37,500,000	-	LIBOR plus 0.25%	October 31, 2017
$25,000,000	$ -	LIBOR plus 0.25%	February 25, 2018

8. Pension Benefits

The Institution has defined contribution pension plans administered by TIAA for faculty, administrative and staff employees of the College, and for Library administrative and staff employees. Eligibility for the plans begins following two years of employment for individuals, unless they were previously enrolled in a qualifying plan, or had qualifying service in another institution within six months of employment with the College or Library, in which case they would be immediately eligible. Contributions to the plans, based on a percentage of salaries, were $6,853,114 for the College and $574,295 for the Library for the year ended June 30, 2017.

The Institution has maintained a TIAA noncontributory, defined benefit pension plan for College staff employees who, prior to July 1, 1994, were not covered by the defined contribution plan, were at least twenty-one years of age, and had completed one year of service. All participants in this plan are fully vested as of June 30, 2017. Retirement benefits are calculated based on a percentage of final three-year average salary times the participant's years of service with a minimum benefit payable equal to $50 per year times the number of years of credited service. Years of service for purposes of calculating the benefit accrual were frozen on June 30, 1994, when all active College employees began participating in the defined contribution plan. The defined benefit plan continues to provide prior service benefits for participants active at July 1, 1994, and supplemental benefits to certain long-term employees whose retirement benefit would have been negatively affected by the change.

The Institution has a TIAA noncontributory, defined benefit pension plan for Library employees who are not covered by the defined contribution plan, who are at least twenty-one years of age, and who have completed one year of service. An employee is fully vested after five years of participation in the plan. Retirement benefits are calculated based on a percentage of final three-year average salary times the participant's years of service with a minimum benefit payable equal to $50 per year times the number of years of credited service. Effective July 1, 2013, the Library Plan was amended to close the Plan to new participants, discontinue service accruals for participants less than the age of forty, and to determine the amount of offset attributable to participation in the defined contribution plan as the earlier of the employee's termination or retirement date.

For those who have participated in the defined contribution plans, benefits purchased by employer contributions will reduce the benefits from these defined benefit plans. This defined contribution offset benefit is the annual single life annuity retirement benefit commencing at the normal retirement date which is the actuarial equivalent of the defined contribution account balance using the applicable mortality and interest rates under the Internal Revenue Code.

The Institution contributes to each defined benefit pension plan an amount equal to the required minimum plan contribution as of the beginning of the plan year with interest to the date of payment. There were no required payments in 2017.

The plan's accumulated benefit obligation at June 30, 2017 was approximately $25,700,000 and $3,600,000 for the College Plan and Library Plan, respectively. Net actuarial loss amortization of $560,821 and $49,610 is expected to be recognized in fiscal year 2018 for the College Plan and Library Plan, respectively. Amortization of prior service cost of $5,391 is expected to be recognized in fiscal year 2018 for the Library Plan.

The following were the components of net periodic pension cost for the defined benefit pension plans for the fiscal year ended June 30, 2017:

	College Employee Plan	Library Employee Plan
Service cost	$ 1,424	$ 99,246
Interest cost	889,783	164,791
Expected return on plan assets	(1,314,831)	(154,648)
Amortization of unrecognized prior service cost		(5,391)
Amortization of net actuarial loss	1,273,109	167,087
Net periodic pension cost	$849,485	$271,085

The following is a summary of the projected benefit obligation, plan assets, and funded status of the defined pension plans as of June 30, 2017.

	College Employee Plan	Library Employee Plan
Change in projected benefit obligation		
Projected benefit obligation, June 30, 2016	$28,864,604	$ 4,934,910
Decrease due to benefits paid	(1,351,676)	(140,280)
Increase due to employee service	1,424	99,246
Increase due to accrual of interest	889,783	164,791
Decrease due to changes in actuarial assumptions and other sources	(1,688,994)	(782,484)
Projected benefit obligation, June 30, 2017	$ 26,715,141	$ 4,276,183
Change in plan assets		
Fair value of plan assets, June 30, 2016	$ 18,256,327	$ 2,137,576
Actual return	2,652,865	275,081
Change in surrender charge	38,308	3,366
Benefits paid	(1,351,676)	(140,280)
Fair value of plan assets, June 30, 2017	$ 19,595,824	$ 2,275,743
Funded status		
Projected benefit obligation	$(26,715,141)	$(4,276,183)
Fair value of assets	19,595,824	2,275,743
Funded status	$(7,119,317)	$(2,000,440)
Cumulative net actuarial loss		
Cumulative net actuarial loss, June 30, 2016	$10,206,640	$ 1,858,181
Amortization	(1,273,109)	(167,087)
Net gain	(3,065,336)	(906,283)
Cumulative net actuarial loss, June 30, 2017	$ 5,868,195	$ 784,811

Defined benefit plan assets consist of Deposit Administration Group Annuity Contracts with Teachers Insurance and Annuity Association and College Retirement Equities Fund.

The discount rates used in determining benefit obligations as of June 30, 2017 were 3.52% for the College Employee Plan and 3.78% for the Library Employee Plan. The rate of compensation increase used in determining benefit obligations and the net periodic pension cost was 3.00% for both plans. The discount rates used in determining the net periodic pension cost were 3.17% for the College Employee Plan and 3.48% for the Library Employee Plan. The long-term expected rate of return was 7.50% for both plans.

The expected long-term rate of return on plan assets is determined by reviewing historical returns, taking into account current asset diversification between equity and fixed income investments. Current market factors such as inflation and interest rates are evaluated. The asset allocations at June 30, 2017 of the defined benefit plans were as follows:

	College Employee Plan		Library Employee Plan	
Equity securities	$ 15,480,162	79%	$ 1,506,841	66%
Fixed income	4,115,662	21%	768,902	34%
Total	**$19,595,824**	**100%**	**$2,275,743**	**100%**

The defined benefit plans' assets are valued using the same fair value hierarchy as the Institution's investments as described in Note 2, Investments.

The following table summarizes the Institution's fair values of investments by major type held by the defined benefit plans at June 30, 2017:

College Employee Plan

	Level 1	Level 2	Level 3	Total
Equity securities	$ -	$ 15,480,162	$ -	$ 15,480,162
Fixed income	-	-	4,115,662	4,115,662
	$ -	**$15,480,162**	**$4,115,662**	**$19,595,824**

Library Employee Plan

	Level 1	Level 2	Level 3	Total
Equity securities	$ -	$ 1,506,841	$ -	$ 1,506,841
Fixed income	$ -	-	768,902	768,902
	$ -	**$ 1,506,841**	**$ 768,902**	**$ 2,275,743**

The reconciliation of Level 3 total investments for the defined benefit plans as of June 30, 2017 is as follows:

	Level 3 Fair Value Measurements		
	College Employee Plan	**Library Employee Plan**	**Total**
Beginning balance	$ 5,256,189	$ 872,141	$ 6,128,330
Interest income	172,841	33,675	206,516
Sales, net	(1,313,368)	(136,914)	(1,450,282)
	$4,115,662	**$768,902**	**$4,884,564**

The equity securities account seeks a favorable long-term return through both appreciation of capital and investment income by investing primarily in a broadly diversified portfolio of common stocks. The account is divided into three segments. One segment is designed to track U.S. equity markets and invests in the Russell 3000 Index. Another segment contains stocks that are selected for their investment potential and the third segment invests in foreign stocks and other equity securities.

The fixed income account guarantees both principal and a specified interest rate. The account seeks to achieve the highest rate of return over long periods of time, within reasonable risk measures. Investments are held in funds which invest in publicly traded bonds, loans to business and industry, commercial mortgages and income producing real estate.

The Institution expects the 2018 contribution to be reasonably consistent with the current year. The following benefit payments, which reflect expected future service, are expected to be paid:

	College Employee Plan	Library Employee Plan
2018	$ 1,530,000	$ 143,000
2019	1,510,000	163,000
2020	1,528,000	177,000
2021	1,573,000	193,000
2022	1,587,000	208,000
2023–2027	8,276,000	1,087,000
	$16,004,000	**$1,971,000**

The Institution offers a phased retirement program to faculty of the College. Faculty members may enter the program at any time between age 60 and 65. Upon entering the program, faculty members receive a reduced salary. Participants also receive stipends for part-time work which they can continue until age 70 when they fully retire. The Institution has recorded a liability for this program of $1,264,612 as of June 30, 2017. This program is funded on a cash basis as benefits are paid.

9. Other Postretirement Benefits

The Institution provides a defined benefit health insurance plan to eligible College employees employed before July 1, 2003 who have met certain age and service criteria. The Institution also provides a defined benefit health insurance plan to eligible Library employees and their dependents who have met certain age and service criteria. The Institution funds these plans on a cash basis as benefits are paid.

The Institution provides a defined contribution health program for the College employees that do not qualify for the defined benefit plan described above. Under this plan, each year eligible participants (regular, benefited employees) are entitled to a contribution based on 66.7% of the College's Medicare supplemental insurance cost and interest that is credited to a notional account. Eligibility for contributions begins at age 40 for a maximum of 25 years and vesting requires 10 years of service after the age of 40 and attainment of age 62 when retiring from the College.

As of June 30, 2017 a $49,999,762 and $6,838,678 postretirement benefit obligation liability is recorded for the College and Library, respectively.

The components of net periodic postretirement benefit cost for the Institution's plans as of June 30, 2017 were as follows:

	College Employee Plan	Library Employee Plan
Service cost	$ 1,390,995	$ 292,461
Interest cost	1,761,760	245,734
Amortization of actuarial loss	1,222,331	180,669
Net periodic postretirement benefit cost	**$4,375,086**	**$718,864**

The following provides a reconciliation of the accumulated benefit obligation, plan assets and funded status of the plans:

	College Employee Plan	Library Employee Plan
Change in accumulated postretirement benefit obligation:		
Benefit obligation, June 30, 2016	$ 52,675,757	$ 6,960,302
Service cost	1,390,995	292,461
Interest cost	1,761,760	245,734
Plan participants' contributions	375,173	14,629
Actuarial losses, net	(4,259,662)	(502,457)
Benefits paid	(1,944,261)	(171,991)
Projected benefit obligation, June 30, 2017	$ 49,999,762	$ 6,838,678
Change in plan assets:		
Fair value of plan assets, June 30, 2016	$-	$-
Employer contribution	1,569,088	157,362
Plan participants' contributions	375,173	14,629
Benefits paid	(1,944,261)	(171,991)
Fair value of plan assets, June 30, 2017	$-	$-
Funded status:		
Retirees and dependents	$ (22,227,539)	$ (2,059,757)
Actives fully eligible	(980,658)	(941,287)
Actives not fully eligible	(26,791,565)	(3,837,634)
Accumulated postretirement benefit obligation	(49,999,762)	(6,838,678)
Fair value of plan assets	-	-
Funded status	**$(49,999,762)**	**$(6,838,678)**

As of June 30, 2017 the College Plan had a cumulative net actuarial loss of $11,165,484. The Library Plan had a cumulative net actuarial loss of $2,159,247. In fiscal year 2018 the College and Library have expected amortization from unrestricted net assets into net periodic benefit of $662,246 and $124,190, respectively.

Included in actuarial gains, net for the College Plan and Library Plan are gains from assumption changes in the discount rate amounting to approximately $2,988,000 and $194,000, respectively, and other factors including a mortality gain of $818,000 and $311,000, respectively.

The discount rate used in determining the accumulated postretirement benefit obligation as of June 30, 2017 for the College Plan was 3.72% compared to 3.41% at June 30, 2016. The discount rate for the Library Plan was 3.83% as of June 30, 2017 compared to 3.57% as of June 30, 2016.

The assumed health care cost trend rate used in measuring the Amherst Plan's accumulated postretirement benefit obligation for participants not yet Medicare eligible was 8.00% and the Folger Plan trend rate was 7.00%. A trend rate of 5.00% was used for participants who are Medicare eligible in both Plans. The ultimate trend rate for both plans declines gradually to 5.00% in 2019. The discount rate used in determining the net periodic postretirement benefit cost for the fiscal year ending June 30, 2017, which is determined as of July 1, 2016, was 3.41% for the College Plan and 3.57% for the Library Plan.

Following is the effect of a change in the trend rates at June 30, 2017:

	College Employee Plan	Library Employee Plan
Impact of 1% increase in health care cost trend		
Interest cost plus service cost	$ 476,203	$ 131,700
Accumulated postretirement benefit obligation	8,104,452	1,484,049
Impact of 1% decrease in health care cost trend		
Interest cost plus service cost	(455,975)	(114,945)
Accumulated postretirement benefit obligation	$(6,624,224)	$(1,165,357)

The following benefit payments, which reflect expected future service, are expected to be paid by the Institution:

	College Employee Plan	Library Employee Plan
2018	$ 2,102,000	$ 168,000
2019	2,195,000	188,000
2020	2,218,000	206,000
2021	2,334,000	219,000
2022	2,421,000	234,000
2023–2027	13,710,000	1,524,000
	$24,980,000	**$2,539,000**

10. Temporarily and Permanently Restricted Net assets

Temporarily restricted net assets were available for the following purposes at June 30, 2017:

	College	Library
Program services	$ 30,237,483	$ 419,227
Student loans	4,087,717	-
Life income funds	26,217,937	368,473
Buildings and improvements	9,155,735	-
Realized and unrealized gains available for distribution under the limits of total return policy	1,116,363,121	279,805,008
Other	2,480,726	191,550
	$1,188,542,719	**$280,784,258**

Temporarily restricted net assets released from restrictions during the year for the Institution's activities were used for the following purposes:

	College	Library
Program services	$ 65,698,734	$ 6,795,955
Buildings and improvements	3,860,669	-
General	57,083,983	13,216,008
	$126,643,386	**$20,011,963**

Permanently restricted net assets are summarized as follows at June 30, 2017:

	College	Library
Permanent endowment	$ 457,429,879	$ 18,972,461
Contributions receivable	5,358,102	6,152,360
Life income funds	18,968,791	144,472
Beneficial interest in perpetual trusts	17,205,755	-
	$498,962,527	**$25,269,293**

11. Collections

The Folger Shakespeare Memorial Library holds the largest and most complete collection of Shakespeareana in the world and the largest collection of English printed books from 1475 to 1640 outside of England, as well as extensive Continental Renaissance holdings. The collection includes books, manuscripts, documents, paintings, illustrations, tapestries, furnishings, musical instruments, scores, and curios from the Renaissance and theater history.

The Emily Dickinson Museum consists of two historic houses, and their contents, in the center of Amherst, Massachusetts, closely associated with the poet Emily Dickinson and members of her family during the nineteenth and early twentieth centuries.

The Mead Art Museum creates innovative and rigorous exhibitions from its diverse collection of 19,500 works including American art, Russian modernist art, French art, British portraiture, African art, Japanese art, 19th and 20th century photography, and master and modern prints and drawings. Over 150 Amherst College classes visit the Mead's two study rooms annually to learn from original works of art.

The Beneski Museum of Natural History houses research collections of vertebrate and invertebrate paleontology, minerals, anthropology and modern vertebrates, as well as numerous exhibits which illustrate the evolution and ecology of major groups of animals.

The College and the Library maintain policies and procedures addressing the collections' upkeep as well as other aspects of their management, including accession and deaccession policies.

12. Subsequent Events

Management has evaluated subsequent events through October 19, 2017 which is the date the consolidated financial statements were issued. Management is not aware of any other subsequent events that would have a material impact on the June 30, 2017 consolidated financial statements.

Gifts, Bequests and Grants Received

Amherst College | for the year ended June 30, 2017 (unaudited)

Purpose	Endowment: Permanent	Endowment: Term	Endowment: Quasi	Life Income	Plant	Current	2017 Total	2016 Total
Unrestricted	209,412	69,653	2,700			12,612,539	12,894,304	7,301,222
Administration	4,966					1,905,298	1,910,264	934,798
Instruction	1,091,100					5,186,663	6,277,763	157,029
Library	478		500			18,565	19,543	160,160
Physical Plant					4,222,596	5,000	4,227,596	4,769,749
Scholarships and Student Aid	3,260,933		225			3,987,206	7,248,364	6,827,128
Prizes	26,300					400	26,700	37,216
Fellowships	37,093					90,000	127,093	97,593
Grants						2,356,913	2,356,913	1,862,256
Annual Fund	1,821					*10,423,868	10,425,689	9,326,086
Academic Services	584,896		2,040			369,758	956,694	614,045
Student Services	518,433		219,224			1,183,527	1,921,184	2,253,823
Remainder Interest				426,600			426,600	151,188
Dickinson Museum					38,072	342,676	380,748	855,359
Total—2017	**5,735,432**	**69,653**	**224,689**	**426,600**	**4,260,668**	**38,482,413**	**49,199,455**	
Total—2016	**8,566,086**	**80,052**	**509,326**	**151,188**	**4,964,766**	**21,076,234**		**35,347,652**

*This amount does not include endowment income transferred to the 2017 Annual Fund. When that amount is included, the total of the 2017 Annual Fund is $10,746,480.

Gifts, Bequests and Grants Received

Folger Shakespeare Memorial Library | for the year ended June 30, 2017 (unaudited)

Purpose	Endowment: Permanent	Endowment: Term	Endowment: Quasi	Life Income	Plant	Current	2017 Total	2016 Total
Unrestricted		11,865				1,242,921	1,254,786	1,078,837
Administration						1,112,705	1,112,705	-
Research	92,892		504				93,396	1,559
Digital Media						500	500	10,000
Public Programs	5,500		43,901			586,828	636,229	603,551
Education	3,100					139,614	142,714	427,365
Grant Support						1,618,990	1,618,990	1,557,460
Technology							-	37,500
Library						146,668	146,668	250,459
Acquisitions						36,565	36,565	76,629
Folger Unitrust				12,000			12,000	10,000
Total—2017	**101,492**	**11,865**	**44,405**	**12,000**	**-**	**4,884,791**	**5,054,553**	
Total—2016	**319,925**	**15,210**	**50,933**	**10,000**	**-**	**3,657,292**		**4,053,360**

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