Antioch College Corporation

Consolidated Financial Statements

June 30, 2014 and 2013

with Independent Auditors' Report

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Antioch College Corporation
Yellow Springs, Ohio

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Antioch College Corporation and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of Antioch College Corporation and Affiliate's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
November 25, 2014

		2014	2013
Assets:			
Cash and cash equivalents	$	1,977,748	1,924,144
Restricted cash		2,776,585	4,424,905
Accounts and grants receivable		167,582	47,641
Pledges receivable, net		12,851,251	8,308,997
Prepaid expenses		94,239	36,868
Investments, at fair value		22,691,135	41,821,832
Investments held in trust, at fair value		236,186	410,038
Interest rate swap, at fair value		7,910	63,388
Beneficial interest in perpetual and remainder trusts		541,418	495,022
Loan costs, net		147,250	197,625
Intangible assets		2,850,637	-
Property, plant and equipment, net		35,534,522	19,561,598
Total assets	$	79,876,463	77,292,058
Liabilities:			
Accounts payable and accrued liabilities		2,447,673	1,506,745
Gift annuity obligations		446,544	518,705
Amounts held on behalf of others in trust		178,714	277,131
Loan costs payable		147,250	177,361
Deferred grants revenue		191,788	230,845
Long-term debt		6,200,000	6,200,000
Total liabilities		9,611,969	8,910,787
Net assets:			
Unrestricted net assets		7,665,581	9,551,210
Temporarily restricted net assets		43,943,952	40,083,260
Permanently restricted net assets		18,654,961	18,746,801
Total net assets		70,264,494	68,381,271
Total liabilities and net assets	$	79,876,463	77,292,058

See accompanying notes to consolidated financial statements.

Antioch College Corporation
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue:								
Gifts, pledges and bequests	$ 13,381,667	743,284	144,811	14,269,762	10,522,897	8,227,337	754,028	19,504,262
Grants	500,239	-	-	500,239	93,174	5,200	-	98,374
Interest and dividend income	-	170,109	-	170,109	-	343,625	-	343,625
Net realized gain on investments	-	1,450,844	-	1,450,844	-	312,251	-	312,251
Change in net unrealized gain on investments	-	1,814,866	-	1,814,866	-	1,396,827	-	1,396,827
Program income	1,657,712	-	-	1,657,712	825,690	-	-	825,690
In-kind revenue	98,875	-	-	98,875	27,349			27,349
Other income	454,428	-	-	454,428	210,780	-	-	210,780
Net assets released from restrictions	658,047	(375,000)	(283,047)	-	2,196,910	(2,195,384)	(1,526)	-
Total operating revenue	16,750,968	3,804,103	(138,236)	20,416,835	13,876,800	8,089,856	752,502	22,719,158
Operating expenses:								
Instruction	1,696,209	-	-	1,696,209	1,261,001	-	-	1,261,001
Academic support	1,383,938	-	-	1,383,938	1,288,061	-	-	1,288,061
Student services	2,042,169	-	-	2,042,169	1,631,379	-	-	1,631,379
Institutional support	3,450,862	-	-	3,450,862	3,594,455	-	-	3,594,455
Facilities	2,523,632	-	-	2,523,632	2,090,276	-	-	2,090,276
Auxiliary enterprises	3,168,360	-	-	3,168,360	1,393,326	-	-	1,393,326
Fundraising activities	1,815,948	-	-	1,815,948	2,222,369	-	-	2,222,369
Total operating expense	16,081,118	-	-	16,081,118	13,480,867	-	-	13,480,867
Nonoperating income (expense)								
Change in value of gift annuity	-	65,765	-	65,765	-	119,655	-	119,655
Change in value of remainder and perpetual trusts	-	(9,176)	46,396	37,220	-	125,231	18,185	143,416
Change in value of interest rate swap	(55,479)	-	-	(55,479)	63,388	-	-	63,388
Total nonoperating income (expense)	(55,479)	56,589	46,396	47,506	63,388	244,886	18,185	326,459
Extraordinary Loss								
Release of reversion rights	(2,500,000)	-	-	(2,500,000)	-	-	-	-
Change in net assets	(1,885,629)	3,860,692	(91,840)	1,883,223	459,321	8,334,742	770,687	9,564,750
Net assets, beginning of year	9,551,210	40,083,260	18,746,801	68,381,271	9,091,889	31,748,518	17,976,114	58,816,521
Net assets, end of year	$ 7,665,581	43,943,952	18,654,961	70,264,494	9,551,210	40,083,260	18,746,801	68,381,271

See accompanying notes to consolidated financial statements.

Antioch College Corporation
Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

		2014	2013
Cash flows from operating activities:			
Change in net assets	$	1,883,223	9,564,750
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:			
Depreciation		901,868	453,675
Amortization		46,500	18,486
Provision for uncollectible accounts and pledges		243,586	594,654
Change in discount for future pledges		360,462	141,125
Net realized gain on investments		(1,450,844)	(312,251)
Net unrealized (gain) loss on investments		(1,814,866)	(1,396,827)
Change in beneficial interest in perpetual and remainder trusts		(37,220)	(143,416)
Change in value of interest rate swap		55,479	(63,388)
Change in value of gift annuity		(65,765)	(119,655)
Contributions restricted for endowment and facilities		(444,733)	(2,784,303)
(Increase) decrease in operating assets:			
Accounts and grants receivable		(119,941)	(36,157)
Pledges receivable		(5,146,302)	(6,296,609)
Prepaid expenses		(57,371)	102,486
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses		940,928	884,350
Deferred grant revenue		(39,057)	216,550
Accounts held on behalf of others in trust		(4,183)	(185,976)
Net cash (used in) provided by operating activities		(4,748,236)	637,494
Cash flows from investing activities:			
Purchase of investments		-	(2,526,184)
Proceeds from sale of investments		22,570,259	8,233,525
Purchase of intangible assets		(2,850,637)	-
Purchase of property, plant and equipment		(16,874,792)	(7,737,840)
Net cash provided by (used in) investing activities		2,844,830	(2,030,499)
Cash flows from financing activities:			
Debt issuance costs financed with guarantor		-	232,500
Repayment on loan costs		(30,111)	(83,059)
Contributions restricted for endowment and facilities		444,733	2,784,303
Payments on gift annuity and trust obligations		(105,932)	(117,512)
Net cash provided by financing activities		308,690	2,816,232
Net (decrease) increase in cash and cash equivalents		(1,594,716)	1,423,227
Cash and cash equivalents, beginning of year		6,349,049	4,925,822
Cash and cash equivalents, end of year	$	4,754,333	6,349,049
Reconciliation of ending cash to the statement of financial position:			
Cash and cash equivalents	$	1,977,748	1,924,144
Restricted cash		2,776,585	4,424,905
	$	4,754,333	6,349,049
Supplemental disclosures of cash flow information - interest paid	$	134,889	137,857
Supplemental disclosure of noncash financing activity - refinance debt	$	-	6,200,000

See accompanying notes to consolidated financial statements.

1. REPORTING ENTITY:
The financial statements include the accounts of the Antioch College Corporation ("the Organization") and the Continuation Fund, Inc. ("Continuation Fund"). The financial statements of the Continuation Fund have been consolidated since it is a 100% wholly-owned subsidiary of the Organization, which can exert operational control. In addition, the financial resources of the Continuation Fund are dedicated to the operation of Antioch College. All balances and transactions between the Organization and the Continuation Fund have been eliminated.

2. ORGANIZATION:
The Organization, a nonprofit organization, is an organization of former alumni and other interested parties, whose mission is to reestablish Antioch College as a private co-educational liberal arts institution of higher education. Antioch College, originally founded in 1854 in Yellow Springs, Ohio, was formerly a wholly owned subsidiary of Antioch University ("the University") which ceased Antioch College operations in 2008 due to financial reasons. The Organization subsequently purchased Antioch College and related assets and obligations from the University on September 4, 2009 for $6,200,000 in cash. Included with the purchase were an endowment and other investments, obligations under various split interest agreements, the Glen Helen Nature Preserve, campus buildings and land, and various other assets and obligations.

The Continuation Fund was founded for the purpose of holding the legacy endowment investments received from the University as part of the acquisition. On June 30, 2014, the Continuation Fund was terminated and all assets were contributed to Antioch College.

The purchase agreement with the University had a reversion clause under which, if the Organization was not successful in reestablishing Antioch College as an accredited institution of higher learning within a seven year period from the date of the asset purchase agreement, then the vast majority of remaining assets and obligations purchased under the agreement would have then reverted back to the University, subject to a lien held on certain real assets by the Morgan Family Foundation as part of the loan guaranty (See Note 10).

Pursuant to a master agreement dated May 20, 2013, the Organization purchased assets and made payments totaling $8,000,000 to Antioch University on July 3, 2013 as follows:

- $3,700,000 to purchase the assets of WYSO, a not-for-profit public radio station, including the broadcast license;
- $1,800,000 to purchase the building currently housing WYSO; and
- $2,500,000 to release the endowment and deed restrictions, including reversion clause, from the September 4, 2009 asset purchase agreement described above

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation
The financial statements of the Organization have been prepared on the accrual basis of accounting.

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

Permanently restricted
Permanently restricted net assets are subject to donor-imposed stipulations that the assets be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the investment return on these assets. Such assets primarily include the Organization's permanent endowment funds.

Temporarily restricted
Temporarily restricted net assets are those assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Unrestricted
Unrestricted net assets are assets that are not subject to donor-imposed stipulations. Unrestricted net assets have been designated for specific purposes by the Board of Trustees (Note 13). In addition, assets may otherwise be limited by contractual agreements with outside parties.

Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations, that simultaneously increase one class of net assets and decrease another, are reported as reclassifications between the applicable classes of net assets.

Contributions and investment return with donor-imposed restrictions are reported as temporarily restricted revenues and are reclassified to unrestricted net assets when an expense is incurred that satisfies the donor-imposed restriction unless such donor-imposed restrictions are met within the period the contribution is made. In these cases, contributions are reported as unrestricted revenues. Contributions restricted for the endowment are classified as permanently restricted and retained as such in perpetuity in accordance with donor stipulations.

Cash and Cash Equivalents
Cash and cash equivalents include cash deposits with original maturities of three months or less. Cash and cash equivalents that comprise part of the investment balances for the endowment, third party trusts, gift annuities, and other restricted investments are not classified as cash or cash equivalents. Certain cash balances are classified as restricted and listed as a separate line item in the financial statements. Cash and cash equivalents are primarily deposited in one banking institution.

Grants Receivable and Deferred Grants Revenue
Grants receivable are reported at amounts billed or billable to grantors based upon amounts awarded and expended under these awards prior to the end of the fiscal year. Deferred grants receivable represent amounts advanced under certain grant awards whereby the related expenditures have not yet been incurred as of the end of the fiscal year. No allowance for uncollectible grants receivable has been recognized because management believes all amounts due are collectible.

Pledges Receivable
The Organization reports unconditional promises to give as pledges receivable and revenue when the promise is made by individuals and entities. Pledges receivable for contributions are unsecured and are reported net of an allowance for uncollectible pledges and a discount for the time value of money for long-term pledges. Contributions received are considered available for unrestricted use unless specifically restricted by the donor.

Pledges receivable greater than one year, less an allowance for uncollectible pledges, are discounted to reflect the time value of money. The Organization's discount rate of 1.52% is the average of the five year risk free rate of return and the bank prime rate.

Investments
Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidated statement of financial position with gains and losses included in the consolidated statement of activities and changes in net assets. Dividend and interest income are accrued as earned and are net of related investment expenses, which were $193,220 and $178,328 for the fiscal years ended June 30, 2014 and 2013, respectively. Realized gains and losses are determined on the average cost method and are reflected in revenue.

Intangible Assets
Intangible assets at June 30, 2014 represent the WYSO broadcast license. An acquired broadcast license expires in five years. The broadcast license is renewable every 10 years if the Station provides at least an average level of service to its customers and complies with the applicable Federal Communications Commission (FCC) rules and policies and the FCC Communications Act of 1934. The license may be renewed indefinitely at little cost and was renewed prior to its recent acquisition. The College intends to renew the license indefinitely, and evidence supports its ability to do so. Therefore, the cash flows from the license are expected to continue indefinitely. The broadcast license is deemed to have an indefinite useful life because cash flows are expected to continue indefinitely. Therefore, the license will not be amortized until its useful life is deemed to be no longer indefinite, in which case the license would be tested for impairment.

Property, Plant and Equipment
Property, plant and equipment are recorded at cost at the date of acquisition or, if acquired by gift, at fair value at the date of donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, ranging from 3 to 39 years. The cost and related accumulated depreciation of sales and disposals are removed from the accounts, and any gain or loss is reflected in the current year's operations. Expenditures which substantially increase useful lives are capitalized, while maintenance and repairs are expensed as incurred.

Contributions In-Kind
Donated buildings, equipment, and other donated goods are recorded at their estimated fair value as of the date of the donation. No amounts have been reflected in the financial statements for donated services. Volunteers provided services throughout the year that were not recognized as contributions because the recognition criteria were not met.

Income Taxes and Uncertain Tax Positions
The Organization and the Continuation Fund are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization's reporting returns are subject to audit by federal and state taxing authorities. The Organization's open audit periods are 2010 – 2012. No income tax provision has been included in the financial statements as the Board has determined it does not have unrelated business taxable income.

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

Reclassifications
Certain amounts reported in 2013 have been reclassified to conform to 2014 financial statement presentation. These reclassifications did not affect change in net assets for 2013.

4. PLEDGES RECEIVABLE:
The Organization has recognized certain pledges to the Organization's restricted and unrestricted donor funds. Unconditional promises to give are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category.

Unconditional promises to give are expected to be realized in the following periods as of June 30, 2014:

In one year or less	$	3,712,855
Between one and five years		10,202,958
More than five years		-
Less:		
Allowance for uncollectible pledges		475,000
Allowance for discount for future pledges		589,562
Net pledges receivable	$	12,851,251

5. INVESTMENTS:
The fair value of investments as of June 30, 2014 and 2013 were as follows:

		2014	2013
Cash	$	3,243,609	13,495,111
Mutual fund fixed income		4,134,818	8,756,625
Mutual fund equities		4,717,288	8,858,498
Equity securities		216,389	206,126
Alternative investments		10,379,031	10,505,472
	$	22,691,135	41,821,832

The vast majority of the Organization's investments at June 30, 2014, 98%, are held for the purpose of the endowment and can only be spent in accordance with donor-imposed restrictions.

Endowment Funds
The Organization's endowment includes donor-restricted funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a

a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) The duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

The changes in endowment net assets for the year ended June 30, 2014 and 2013 was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2014				
Endowment net assets, July 1, 2013	$ -	26,069,692	18,251,779	44,321,471
Contributions	-	-	144,811	144,811
Investment income:				
Investment income, less fees	-	790,406	-	790,406
Net appreciation	-	3,194,369	-	3,194,369
Donor release from restriction	-	-	(283,047)	(283,047)
Appropriation of assets for expenditure	-	(2,866,745)	-	(2,866,745)
Endowment net assets, June 30, 2014	$ -	27,187,722	18,113,543	45,301,265

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2013				
Endowment net assets, July 1, 2012	$ -	27,002,832	17,497,751	44,500,583
Contributions	-	-	754,028	754,028
Investment income:				
Investment income, less fees	-	416,751	-	416,751
Net appreciation	-	1,719,002	-	1,719,002
Appropriation of assets for expenditure	-	(3,068,893)	-	(3,068,893)
Endowment net assets, June 30, 2013	$ -	26,069,692	18,251,779	44,321,471

Return Objectives and Risk Parameters
The Organization has adopted investment and spending policies for endowment assets that attempt to accumulate a pool of assets sufficient to build capital for future use while providing a predictable level of funding to meet current needs. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in manner that is intended to produce results with a moderate level of investment risk.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation within both equity and fixed income securities, so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Organization has a policy of appropriating for distribution each year between 5% and 7% of the value of the endowment investments. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at a rate that exceeds annual distributions. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

6. CHARITABLE REMAINDER TRUSTS:

The Organization serves as trustee for various charitable remainder trusts. The Organization is obligated to make periodic payments, generally quarterly, to the respective trust annuitants. The Organization records the trust investments as temporarily restricted net assets and reclassifies them according to the trust's directive at the termination of the trust. Currently the Organization is paying approximately $60,000 annually to the respective trust annuitants.

The Organization has valued the future liability for annuity contract payments by calculating the present value of the expected payments based upon the anticipated remaining length of the trust, with a rate of 3.25% at June 30, 2014 and 2013, respectively, to calculate the present value of the future liability. At June 30, 2014 and 2013, the estimated liability was $178,714 and $277,131, respectively. The investments backing the trusts are managed by Morgan Stanley Smith Barney, and totaled $236,186 and $410,038 at June 30, 2014 and 2013, respectively. The Organization has no responsibility to continue making trust payments once the assets of the respective trust assets have expired.

7. GIFT ANNUITIES:

As part of the acquisition of Antioch College the Organization inherited 34 gift annuity contracts for which the Organization is obligated to make a periodic payment, generally quarterly, to the respective annuitant. The Organization records the gift annuities investments as temporarily restricted net assets and reclassifies them according to the donor's wishes at the termination of the annuity contract. Currently the Organization is paying approximately $79,000 annually to the respective annuitants.

The Organization has valued the future liability for annuity contract payments by calculating the present value of the expected payments based upon the anticipated remaining length of the annuity contract, with a rate of 3.25% at June 30, 2014 and 2013, respectively, to calculate the present value of the future liability. At June 30, 2014 and 2013, the estimated liability was $446,544 and $518,705, respectively. The investments backing the gift annuities are managed by Fifth Third Institutional Services, and totaled $399,163 and $405,559 at June 30, 2014 and 2013, respectively. The Organization is responsible for continuing to pay the annuitants under the contract even if there are no remaining investment assets.

8. BENEFICIAL INTEREST IN PERPETUAL AND REMAINDER TRUSTS:

As part of the acquisition of Antioch College, the Organization also inherited a beneficial interest in three charitable remainder trusts which are administered by outside parties. Two of the trusts are perpetual trusts which provide the Organization with the irrevocable right to income, approximately $12,000 annually, in perpetuity from the trusts. The Organization is the beneficiary (remainder designee) of the final trust in which it is to receive a 15% interest in the remainder upon termination of the trust. The beneficial interests are valued at the fair value of the underlying investments of each trust multiplied by the Organization's ownership or remainder percentage. At year end June 30, 2014 and 2013, the Organization's beneficial interest in these trusts was $541,418 and $495,022, respectively.

9. PROPERTY, PLANT AND EQUIPMENT:

The components of the Organization's property, plant and equipment consisted of the following at June 30, 2014 and 2013:

	2014	2013
Land	$ 3,591,303	3,591,303
Building and improvements	18,511,990	15,080,210
Furniture and equipment	1,751,991	625,197
Construction in progress	13,491,262	1,175,042
	37,346,546	20,471,752
Less accumulated depreciation	1,812,024	910,154
Net property, plant and equipment	$ 35,534,522	19,561,598

Depreciation expense was $901,868 and $453,675 for the years ended June 30, 2014 and 2013, respectively.

10. LONG-TERM DEBT:

Long-term debt at June 30, 2014 and 2013 consisted solely of a $6,200,000 note payable. On August 31, 2012, the Organization refinanced the $6,200,000 note payable through The Huntington National Bank at a variable interest rate. Interest only payments are due monthly with the principal and any accrued interest due in full on August 31, 2017. Prior to August 31, 2012, the note was payable to Wells Fargo at an interest rate of LIBOR plus 2.05%. The Morgan Family Foundation serves as guarantor on the note for which it charges the Organization 50 basis points per annum for the term of the guarantee. In addition, the Morgan Family Foundation holds a lien on certain real assets associated with Antioch College as part of the loan guaranty.

In conjunction with the refinancing, the Organization entered into an interest rate swap agreement with The Huntington National Bank that effectively fixed the interest rate of the note payable at 2.15%. This agreement requires monthly supplemental payments or credits that, when coupled with the variable rate interest expense, have the effect of fixing the cost of borrowing. The term of the swap agreement is the same as the promissory note. If terminated early, there would be a payment made or received by the Organization depending on the variable rate of interest at the time of termination. As of June 30, 2014 and 2013, the interest rate swap is at an asset position with a fair value of $7,910 and $63,388, respectively.

11. LOAN COSTS PAYABLE:
The Organization has agreed to reimburse the Morgan Family Foundation for certain costs related to the origination and guaranty of the $6,200,000 note payable to Wells Fargo. At June 30, 2014 and 2013 the Organization owed the Morgan Family Foundation $147,250 and $177,361, respectively, which is to be repaid in quarterly installments of $11,625 with the final payment due in September 2017.

The related expense is being amortized over the life of the loan. For the years ended June 30, 2014 and 2013, amortization expense was $46,500 and $18,486, respectively.

12. FAIR VALUE MEASUREMENTS:
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

		Fair Value Measurements at June 30, 2014 Using:			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:					
Equity mutual funds	$	4,717,288	-	-	4,717,288
Fixed income mutual funds		4,134,818	-	-	4,134,818
Equity securities		216,389	-	-	216,389
Alternative investments		-	10,379,031	-	10,379,031
Total Investments	$	9,068,495	10,379,031	-	19,447,526
Investments held in trust	$	238,186	-	-	238,186
Beneficial interest in trusts	$	-	-	541,418	541,418

		Fair Value Measurements at June 30, 2013 Using:			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:					
Equity mutual funds	$	8,756,625	-	-	8,756,625
Fixed income mutual funds		8,858,498	-	-	8,858,498
Equity securities		206,126	-	-	206,126
Alternative investments		-	10,505,472	-	10,505,472
Total Investments	$	17,821,249	10,505,472	-	28,326,721
Investments held in trust	$	410,038	-	-	410,038
Beneficial interest in trusts	$	-	-	495,022	495,022

The following is a reconciliation of activity for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2014 and 2013:

		2014	2013
Trusts:			
Beginning balance	$	495,002	476,837
Change in value of interest in trusts		46,396	18,185
Ending balance	$	541,418	495,022

13. BOARD DESIGNATED FUNDS:

As part of the asset purchase agreement with the University, the Organization also agreed to designate future unrestricted funds of the Organization to honor the donor stipulations for $941,231 and $953,890 at June 30, 2014 and 2013, respectively, in temporarily restricted funds for which the principal had been previously spent by the University, but not necessarily in conjunction with the original donor stipulations. The Board of Trustees of the Organization has designated that future unrestricted funds, when available, will be spent as necessary to honor the original donor's stipulations.

14. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS:
Temporarily restricted net assets are available for the following purposes at June 30, 2014 and 2013:

	2014	2013
Endowment:		
Scholarships	$ 13,326,347	12,443,063
General purpose	6,498,369	6,728,588
Library	425,206	372,797
Faculty	4,312,824	4,155,509
Antioch Review	503,797	424,936
Glen Helen	1,941,983	1,665,853
Other	179,196	278,946
	27,187,722	26,069,692
Pledges receivable at end of year	12,851,251	8,308,997
Advancement/Admissions	1,171,123	2,337,790
Unexpended bequests	1,118,033	1,279,665
Capital projects	3,450	935,951
Faculty Fund	525,195	534,218
Glen Helen	223,504	252,243
Other	863,674	364,704
Total temporarily restricted net assets	$ 43,943,952	40,083,260

Permanently restricted net assets consisted of the following at June 30, 2014 and 2013:

	2014	2013
Endowment:		
Scholarships	$ 8,869,012	8,973,337
General purpose	5,152,185	5,252,205
Library	219,732	219,732
Faculty	2,275,935	2,454,637
Antioch Review	239,778	239,778
Glen Helen	947,029	947,029
Other	409,872	165,061
	18,113,543	18,251,779
Beneficial interest in perpetual trusts	541,418	495,022
Total permanently restricted net assets	$ 18,654,961	18,746,801

15. RELATED PARTIES:
The Organization had the following related party transactions during the year ended June 30, 2014 and 2013:

- The Vice Chairman of the Board of Trustees of the Organization also sits on the Board of the Morgan Family Foundation, which has guaranteed the Organization's $6,200,000 note payable.
- As of June 30, 2013, the Continuation Fund loaned the Organization $4,184,863, which has been eliminated upon consolidation. Since the Continuation Fund was terminated June 30, 2014, the loans outstanding are now between the Organization's endowment and general funds.

16. RETIREMENT PLAN:
During the fiscal year ended June 30, 2013, the Organization implemented a 401(k) defined contribution retirement plan for its eligible employees who elect to participate. The Organization's plan contributions for the fiscal years ended June 30, 2014 and 2013 were $55,001 and $27,108, respectively.

17. FUNCTIONAL ALLOCATION OF EXPENSES:
The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

18. RISKS AND CONTINGENCIES:

Credit Risk
Financial instruments which potentially subject the Organization to a concentration of credit risk consist principally of interest-bearing cash and cash equivalents, certificates of deposit, and investments. The Organization places cash and cash equivalents with high credit quality financial institutions.

The Organization's investments are managed by an independent asset management firms whose performance is reviewed by the Finance Committee of the Board of Trustees on a periodic basis. The Organization has not experienced any losses on such accounts.

Contingencies
At July 1, 2012, the Organization had pending applications for property tax exemptions with various taxing authorities located in Greene County, Ohio with outstanding assessments totaling approximately $202,000, which were not recognized as liabilities because management believed that the applications for exemption would be granted. In December 2012, the Organization received the real estate tax exemptions that it had applied for, resulting in abatement of all previous real estate tax assessments.

19. SUBSEQUENT EVENTS:
The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through November 25, 2014, the date on which the financial statements were available to be issued.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING INFORMATION

The Board of Trustees
Antioch College Corporation
Yellow Springs, Ohio

We have audited the consolidated financial statements of Antioch College Corporation and Affiliate as of and for the years ended June 30, 2014 and 2013, and our report dated thereon dated November 25, 2014, which expressed an unmodified opinion on those financial statements, appears on pages 1 to 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of as a whole. The consolidating information included in this report on pages 18 to 19 is presented primarily for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
November 25, 2014

14 east main street, ste. 500
springfield, oh 45502

www.cshco.com
p. 937.399.2000
f. 937.399.5433

cincinnati | cleveland | columbus | miami valley | northern kentucky | springfield | toledo

		Antioch College Corporation	Continuation Fund, Inc.	Eliminations	2014	Antioch College Corporation	Continuation Fund, Inc.	Eliminations	2013
Assets:									
Cash and cash equivalents	$	1,977,748	-	-	1,977,748	1,924,144	-	-	1,924,144
Restricted cash		2,776,585	-	-	2,776,585	4,424,905	-	-	4,424,905
Accounts and grants receivable		167,582	-	-	167,582	47,641	-	-	47,641
Pledges receivable, net		12,851,251	-	-	12,851,251	8,308,997	-	-	8,308,997
Loans receivable		24,127,326	-	(24,127,326)	-	-	4,184,863	(4,184,863)	-
Prepaid expenses and other assets		94,239	-	-	94,239	36,868	-	-	36,868
Investments, at fair value		22,691,135	-	-	22,691,135	1,685,224	40,136,608	-	41,821,832
Investments held in trust, at fair value		236,186	-	-	236,186	410,038	-	-	410,038
Interest rate swap, at fair value		7,910	-	-	7,910	63,388	-	-	63,388
Beneficial interest in perpetual and remainder trusts		541,418	-	-	541,418	495,022	-	-	495,022
Loan costs, net		147,250	-	-	147,250	197,625	-	-	197,625
Intangible assets		2,850,637	-	-	2,850,637	-	-	-	-
Property, plant and equipment, net		35,534,522	-	-	35,534,522	19,561,598	-	-	19,561,598
Total assets	$	104,003,789	-	(24,127,326)	79,876,463	37,155,450	44,321,471	(4,184,863)	77,292,058
Liabilities:									
Accounts payable and accrued liabilities		2,447,673	-	-	2,447,673	1,506,745	-	-	1,506,745
Gift annuity obligations		446,544	-	-	446,544	518,705	-	-	518,705
Amounts held on behalf of others in trust		178,714	-	-	178,714	277,131	-	-	277,131
Loan costs payable		147,250	-	-	147,250	177,361	-	-	177,361
Deferred grants revenue		191,788	-	-	191,788	230,845	-	-	230,845
Long-term debt		30,327,326	-	(24,127,326)	6,200,000	10,384,863	-	(4,184,863)	6,200,000
Total liabilities		33,739,295	-	(24,127,326)	9,611,969	13,095,650	-	(4,184,863)	8,910,787
Net assets:									
Unrestricted net assets		7,665,581	-	-	7,665,581	9,551,210	-	-	9,551,210
Temporarily restricted net assets		43,943,952	-	-	43,943,952	14,013,568	26,069,692	-	40,083,260
Permanently restricted net assets		18,654,961	-	-	18,654,961	495,022	18,251,779	-	18,746,801
Total net assets		70,264,494	-	-	70,264,494	24,059,800	44,321,471	-	68,381,271
Total liabilities and net assets	$	104,003,789	-	(24,127,326)	79,876,463	37,155,450	44,321,471	(4,184,863)	77,292,058

Antioch College Corporation
Consolidating Statements of Activities and Changes in Net Assets
Years Ended June 30, 2014 and 2013

	2014				2013			
	Antioch College Corporation	Continuation Fund, Inc.	Eliminations	Total	Antioch College Corporation	Continuation Fund, Inc.	Eliminations	Total
Operating revenue:								
Gifts, pledges and bequests	$ 14,124,951	144,811	-	14,269,762	18,750,234	754,028	-	19,504,262
Support from consolidated affiliate	3,143,835	-	(3,143,835)	-	3,062,211	-	(3,062,211)	-
Grants	500,239	-	-	500,239	98,374	-	-	98,374
Interest and dividend income	114,912	790,406	(735,209)	170,109	20,260	416,751	(93,386)	343,625
Net realized gain on investments	41,390	1,409,454	-	1,450,844	2,944	309,307	-	312,251
Change in net unrealized gain on investments	29,951	1,784,915	-	1,814,866	(12,868)	1,409,695	-	1,396,827
Program income	1,657,712	-	-	1,657,712	825,690	-	-	825,690
In-kind revenue	98,875	-	-	98,875	27,349	-	-	27,349
Other income	454,428	-	-	454,428	210,780	-	-	210,780
Total operating revenue	20,166,293	4,129,586	(3,879,044)	20,416,835	22,984,974	2,889,781	(3,155,597)	22,719,158
Operating expenses:								
Instruction	1,696,209	-	-	1,696,209	1,261,001	-	-	1,261,001
Academic support	1,383,938	-	-	1,383,938	1,288,061	-	-	1,288,061
Student services	2,042,169	-	-	2,042,169	1,631,379	-	-	1,631,379
Institutional support	4,180,114	5,957	(735,209)	3,450,862	3,681,159	6,682	(93,386)	3,594,455
Facilities	2,523,632	-	-	2,523,632	2,090,276	-	-	2,090,276
Auxiliary enterprises	3,168,360	-	-	3,168,360	1,393,326	-	-	1,393,326
Fundraising activities	1,815,948			1,815,948	2,222,369			2,222,369
Support to consolidated affiliate	-	3,143,835	(3,143,835)	-	-	3,062,211	(3,062,211)	-
Total operating expense	16,810,370	3,149,792	(3,879,044)	16,081,118	13,567,571	3,068,893	(3,155,597)	13,480,867
Nonoperating income (expense)								
Contribution of assets at termination	45,301,265	(45,301,265)	-	-	-	-	-	-
Change in value of gift annuity	65,765	-	-	65,765	119,655	-	-	119,655
Change in value of remainder and perpetual trusts	37,220	-	-	37,220	143,416	-	-	143,416
Change in value of interest rate swap	(55,479)	-	-	(55,479)	63,388	-	-	63,388
Total nonoperating income	45,348,771	(45,301,265)	-	47,506	326,459	-	-	326,459
Extraordinary Loss								
Release of reversion rights	(2,500,000)	-	-	(2,500,000)	-	-	-	-
Change in net assets	46,204,694	(44,321,471)	-	1,883,223	9,743,862	(179,112)	-	9,564,750
Net assets, beginning of year	24,059,800	44,321,471	-	68,381,271	14,315,938	44,500,583	-	58,816,521
Net assets, end of year	$ 70,264,494	-	-	70,264,494	24,059,800	44,321,471	-	68,381,271

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees
Antioch College Corporation
Yellow Springs, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Antioch College Corporation and Affiliate (the Organization), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013 and the related consolidated statements of activities and change in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 25, 2014.

Internal Control Over Financial Reporting
In planning and performing our audits of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

14 east main street, ste. 500
springfield, oh 45502

www.cshco.com
p. 937.399.2000
f. 937.399.5433

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
November 25, 2014

At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success.