

Wabash.

Independent Auditor's Report and Financial Statements

June 30, 2024 and 2023



Wabash College
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June 30, 2024 and 2023

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Independent Auditor's Report

Board of Trustees
Wabash College
Crawfordsville, Indiana

Opinion

We have audited the financial statements of Wabash College (College), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Wabash College as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

**Indianapolis, Indiana
December 20, 2024**

Wabash College
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash	\$ 7,837,448	\$ 8,012,443
Accounts receivable	837,783	605,404
Prepaid expenses and other	1,171,596	495,142
Contributions receivable	13,779,814	17,303,196
Student loans receivable held by endowment, net of allowance for credit losses of \$316,000 and \$847,000	1,040,505	2,954,410
Investments	443,940,872	388,878,672
Cash surrender value of life insurance	2,534,810	2,498,006
Charitable remainder trusts	24,982,778	23,300,603
Property and equipment, net	126,419,712	125,700,955
Right-of-use assets - finance leases	185,530	291,547
Beneficial interest in perpetual trusts	10,419,344	9,510,937
	<u>633,150,192</u>	<u>579,551,315</u>
Total assets	<u>\$ 633,150,192</u>	<u>\$ 579,551,315</u>
Liabilities		
Accounts payable and accrued expenses	\$ 2,612,088	\$ 715,456
Long-term debt	32,349,785	35,566,000
Finance lease liabilities	214,256	322,320
Accumulated postretirement benefit obligation	4,746,331	4,616,125
Annuities and trusts payable	4,884,303	4,874,399
Total liabilities	<u>44,806,763</u>	<u>46,094,300</u>
Net Assets		
Without donor restrictions	257,162,329	251,148,755
With donor restrictions	331,181,100	282,308,260
Total net assets	<u>588,343,429</u>	<u>533,457,015</u>
Total liabilities and net assets	<u>\$ 633,150,192</u>	<u>\$ 579,551,315</u>

Wabash College
Statements of Activities
Year Ended June 30, 2024 and 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Income and Other Support			
Net tuition revenue	\$ 11,013,491	\$ -	\$ 11,013,491
Auxiliary services	10,825,662	-	10,825,662
Investment return designated for current operations	9,008,482	10,880,791	19,889,273
Contributions, gifts and bequests	3,967,430	43,900,810	47,868,240
Government and other grants	379,341	-	379,341
Change in value of split-interest agreements	-	4,522,697	4,522,697
Other income	2,684,305	133,469	2,817,774
	<u>37,878,711</u>	<u>59,437,767</u>	<u>97,316,478</u>
Net assets released from restrictions	23,851,231	(23,851,231)	-
Total revenues, income and other support	<u>61,729,942</u>	<u>35,586,536</u>	<u>97,316,478</u>
Expenses			
Instruction	12,733,274	-	12,733,274
Research	3,062,724	-	3,062,724
Public service	3,943,422	-	3,943,422
Academic support and library	4,405,217	-	4,405,217
Student services	10,689,895	-	10,689,895
Management and general	6,966,346	-	6,966,346
Fundraising	2,313,874	-	2,313,874
Auxiliary services	4,773,695	-	4,773,695
Operations and maintenance	8,683,238	-	8,683,238
Interest expense	869,420	-	869,420
Depreciation expense	5,257,768	-	5,257,768
Total expenses	<u>63,698,873</u>	<u>-</u>	<u>63,698,873</u>
Change in Net Assets Before Other Changes	(1,968,931)	35,586,536	33,617,605
Other Changes			
Investment return greater (less) than amounts designated for current operations	9,675,452	13,286,304	22,961,756
Defined-benefit postretirement health plan - net gain (loss) arising during the period	(251,461)	-	(251,461)
Amortization of net gain included in net periodic pension costs	(296,896)	-	(296,896)
Amortization of prior service credit included in net periodic pension cost	(1,144,590)	-	(1,144,590)
	<u>(1,744,497)</u>	<u>-</u>	<u>(1,744,497)</u>
Change in Net Assets	6,013,574	48,872,840	54,886,414
Net Assets, Beginning of Year	<u>251,148,755</u>	<u>282,308,260</u>	<u>533,457,015</u>
Net Assets, End of Year	<u>\$ 257,162,329</u>	<u>\$ 331,181,100</u>	<u>\$ 588,343,429</u>

See Notes to Financial Statements

2023		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 10,277,457	\$ -	\$ 10,277,457
10,148,536	-	10,148,536
8,968,260	10,194,849	19,163,109
5,730,427	10,108,280	15,838,707
1,107,435	-	1,107,435
-	(373,211)	(373,211)
2,600,780	134,525	2,735,305
<u>38,832,895</u>	<u>20,064,443</u>	<u>58,897,338</u>
25,485,996	(25,485,996)	-
<u>64,318,891</u>	<u>(5,421,553)</u>	<u>58,897,338</u>
11,905,723	-	11,905,723
2,440,026	-	2,440,026
3,243,374	-	3,243,374
4,061,566	-	4,061,566
10,117,302	-	10,117,302
6,439,217	-	6,439,217
2,474,237	-	2,474,237
4,690,111	-	4,690,111
8,946,266	-	8,946,266
922,112	-	922,112
5,161,023	-	5,161,023
<u>60,400,957</u>	<u>-</u>	<u>60,400,957</u>
3,917,934	(5,421,553)	(1,503,619)
(1,971,889)	1,297,601	(674,288)
659,191	-	659,191
(76,952)	-	(76,952)
<u>(1,144,590)</u>	<u>-</u>	<u>(1,144,590)</u>
1,383,694	(4,123,952)	(2,740,258)
<u>249,765,061</u>	<u>286,432,212</u>	<u>536,197,273</u>
<u>\$ 251,148,755</u>	<u>\$ 282,308,260</u>	<u>\$ 533,457,015</u>

Wabash College
Statement of Functional Expenses
Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024										2023 Totals
	Program Services						Supporting Services				
	Instruction	Research	Public Service	Academic Support and Library	Student Services	Auxiliary Services	Total Programs	Management and General	Fundraising	Total	
Salaries and wages	\$ 9,298,166	\$ 1,842,085	\$ 1,009,683	\$ 1,612,024	\$ 5,284,857	\$ 250,137	\$ 19,296,952	\$ 3,594,173	\$ 487,076	\$ 23,378,201	\$ 22,304,326
Employee benefits and taxes	2,152,306	426,399	233,718	373,145	1,223,320	57,901	4,466,789	831,966	112,747	5,411,502	5,153,419
Postage, marketing and media	201,233	71,818	71,735	1,019,641	753,165	34,300	2,151,892	22,276	497,740	2,671,908	2,410,240
Professional services and fees	219,201	58,050	658,070	497,073	795,663	129,032	2,357,089	1,327,708	208,861	3,893,658	3,659,442
Travel and training	289,796	300,404	728,302	717,755	1,900,968	8,846	3,946,071	183,489	406,987	4,536,547	3,787,776
Sporting, theater, and other events	320,023	8,623	2,019	13,664	19,126	110	363,565	6,591	18,671	388,827	569,844
Repairs and maintenance	2,458,242	34,433	43,156	646,120	2,046,265	2,837,908	8,066,124	242,003	45,072	8,353,199	8,557,264
Utilities	-	-	3,512	1,566	11,429	120,235	136,742	126,370	2,287	265,399	267,378
Equipment	50,685	74,974	49,208	64,319	429,061	70,066	738,313	177,147	160,994	1,076,454	777,072
Insurance	-	-	2,867	-	105,198	-	108,065	813,984	-	922,049	837,586
Interest	295,101	-	-	-	222,620	319,282	837,003	32,417	-	869,420	922,112
Depreciation	1,281,148	94,774	58,552	284,338	1,398,023	2,055,505	5,172,340	83,756	1,672	5,257,768	5,161,023
Room and board expenses	-	-	-	-	-	4,271,066	4,271,066	-	-	4,271,066	4,027,712
Cost of goods sold	-	-	-	-	-	167,144	167,144	-	-	167,144	374,182
Miscellaneous expenses	145,874	259,861	1,122,875	77,721	291,604	3,870	1,901,805	324,810	9,116	2,235,731	1,591,581
	<u>\$ 16,711,775</u>	<u>\$ 3,171,421</u>	<u>\$ 3,983,697</u>	<u>\$ 5,307,366</u>	<u>\$ 14,481,299</u>	<u>\$ 10,325,402</u>	<u>\$ 53,980,960</u>	<u>\$ 7,766,690</u>	<u>\$ 1,951,223</u>	<u>\$ 63,698,873</u>	
	<u>\$ 15,940,923</u>	<u>\$ 2,466,793</u>	<u>\$ 3,283,459</u>	<u>\$ 5,019,911</u>	<u>\$ 13,923,299</u>	<u>\$ 10,439,828</u>	<u>\$ 51,074,213</u>	<u>\$ 7,171,220</u>	<u>\$ 2,155,524</u>		<u>\$ 60,400,957</u>

Wabash College
Statement of Functional Expenses
Year Ended June 30, 2023

	2023									
	Program Services						Supporting Services			
	Instruction	Research	Public Service	Academic Support and Library	Student Services	Auxiliary Services	Total Programs	Management and General	Fundraising	Total
Salaries and wages	\$ 8,936,855	\$ 1,464,607	\$ 876,975	\$ 1,609,381	\$ 5,222,758	\$ 235,233	\$ 18,345,809	\$ 3,282,460	\$ 676,057	\$ 22,304,326
Employee benefits and taxes	2,064,862	338,398	202,625	371,848	1,206,719	54,351	4,238,803	758,413	156,203	5,153,419
Postage, marketing and media	142,830	71,336	59,386	894,460	688,952	38,059	1,895,023	54,638	460,579	2,410,240
Professional services and fees	86,232	60,726	765,920	304,653	642,588	219,061	2,079,180	1,188,171	392,091	3,659,442
Travel and training	177,824	226,561	426,845	676,024	1,726,321	5,872	3,239,447	186,732	361,597	3,787,776
Sporting, theater, and other events	420,902	198	960	8,184	125,103	-	555,347	12	14,485	569,844
Repairs and maintenance	2,464,014	33,963	52,504	666,503	2,051,862	3,004,658	8,273,504	239,209	44,551	8,557,264
Utilities	102	-	7,604	1,316	7,462	124,431	140,915	124,582	1,881	267,378
Equipment	10,219	29,020	53,299	56,742	258,861	74,511	482,652	256,188	38,232	777,072
Insurance	-	-	300	1,258	114,151	-	115,709	721,877	-	837,586
Interest	324,910	-	-	-	244,890	321,895	891,695	30,417	-	922,112
Depreciation	1,233,712	58,306	58,305	298,100	1,393,255	2,037,785	5,079,463	79,750	1,810	5,161,023
Room and board expenses	19	-	-	-	314	4,027,379	4,027,712	-	-	4,027,712
Cost of goods sold	78,442	-	-	-	-	295,740	374,182	-	-	374,182
Miscellaneous expenses	-	183,678	778,736	131,442	240,063	853	1,334,772	248,771	8,038	1,591,581
	<u>\$ 15,940,923</u>	<u>\$ 2,466,793</u>	<u>\$ 3,283,459</u>	<u>\$ 5,019,911</u>	<u>\$ 13,923,299</u>	<u>\$ 10,439,828</u>	<u>\$ 51,074,213</u>	<u>\$ 7,171,220</u>	<u>\$ 2,155,524</u>	<u>\$ 60,400,957</u>

Wabash College
Statements of Cash Flows
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Change in net assets	\$ 54,886,414	\$ (2,740,258)
Items not requiring (providing) cash flows		
Depreciation	5,257,768	5,161,023
Net realized and unrealized gains on investments	(36,349,461)	(11,861,057)
Actuarial loss on annuity and trust obligations	9,904	118,871
Change in value of split-interest agreements	(1,682,175)	2,864,414
Gain on beneficial interest in perpetual trusts	(908,407)	(897,771)
Noncash gifts of real estate and marketable securities	(6,341,472)	(5,190,878)
Contributions restricted for long-term investment	(9,776,471)	(9,674,284)
Contributions restricted for property and equipment	(6,578,068)	(4,146,482)
Noncash credit loss	2,058,513	-
Changes in		
Receivables	(376,987)	438,523
Prepaid expenses, cash surrender value of life insurance and other	(713,258)	720,859
Contributions receivable	3,523,382	6,608,145
Accounts payable and accrued expenses	1,896,632	(954,784)
Postretirement benefit obligation	130,206	(775,933)
Net cash provided by (used in) operating activities	<u>5,036,520</u>	<u>(20,329,612)</u>
Investing Activities		
Purchase of property and equipment	(5,870,508)	(4,360,958)
Purchase of investments	(287,328,435)	(145,334,601)
Proceeds from disposition of investments	274,957,168	158,816,789
Net cash provided by (used in) investing activities	<u>(18,241,775)</u>	<u>9,121,230</u>
Financing Activities		
Proceeds from contributions restricted for		
Investment in endowment	9,776,471	9,674,284
Acquisition of property and equipment	6,578,068	4,146,482
Payments on long-term debt	(3,216,215)	(2,831,600)
Payments on finance lease liabilities	(108,064)	(105,036)
Net cash provided by financing activities	<u>13,030,260</u>	<u>10,884,130</u>
Decrease in Cash	(174,995)	(324,252)
Cash, Beginning of Year	<u>8,012,443</u>	<u>8,336,695</u>
Cash, End of Year	<u>\$ 7,837,448</u>	<u>\$ 8,012,443</u>
Supplemental Cash Flows Information		
Interest paid	\$ 989,056	\$ 569,800

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Wabash College (College) was founded in 1832 as an independent, nonsectarian, liberal arts college for men. The mission of the College is to educate men to think critically, act responsibly, lead effectively, and live humanely. This is accomplished through excellence in teaching and learning within a community built on close and caring relationships among students, faculty, and staff. The College's revenues and other support are derived principally from student tuition and fees, contributions, and investment income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

Interest-bearing and noninterest-bearing transaction accounts are subject to a \$250,000 limit on FDIC insurance per covered institution. At June 30, 2024, the College's cash accounts exceeded federally insured limits by approximately \$7,304,000.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividends, interest, and realized and unrealized gains and losses on investments.

The College also invests in certain real estate, venture capital, private equity and hedge funds, and natural resource and distressed debt funds, which are primarily held through limited partnerships. As discussed later in these notes, the College uses net asset value as a practical expedient to estimate the fair value of these funds. Because these investments are not readily marketable and may be subject to withdrawal restrictions, their estimated value is subject to uncertainty and, therefore, may materially differ from the value that would have been used had a ready market for such investments existed.

The College maintains pooled investment accounts for its endowment. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as of December 31 of the prior year.

The College has significant investments in stocks, bonds and mutual funds, and is therefore subject to market, credit and interest-rate risk. Investments are made by investment managers engaged by the College, and the investments are monitored by management, the College's Investment Policy Committee and an outside investment advisor. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the College and its constituents.

Accounts Receivable

Student accounts receivable are stated at the amount of consideration from students, of which the College has an unconditional right to receive. The College provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current economic conditions and reasonable and supportable forecasts.

Student and fraternity accounts receivable are ordinarily due on August 1 and December 31 of each year for the fall and spring semesters, respectively. Accounts past due more than one semester are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the student.

Property and Equipment

Expenditures of \$10,000 or more for property and equipment and which substantially increase the useful lives of existing assets are capitalized at cost. The College provides for depreciation on the straight-line method at rates designed to depreciate the cost of assets over estimated useful lives as follows:

	<u>Years</u>
Buildings	25-50
Machinery and equipment	3-10
Vehicles	5-8

Long-Lived Asset Impairment

The College evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2024 and 2023.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions. A portion of the net assets without donor restrictions is represented by a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Wabash College
Notes to Financial Statements
June 30, 2024 and 2023

Contributions

Contributions are provided to the College either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the College overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Collections

The College's collections, which were acquired through purchases and contributions since the College's inception, are not recognized as assets in the Statements of Financial Position. Purchases of collection items are reported in the year of acquisition as decreases in net assets without donor restrictions, or in net assets with donor restrictions if the assets used to purchase the items were restricted to that use by donor stipulation. Contributions of collection items are not reported in the financial statements. Proceeds from deaccessions or insurance recoveries related to collection items are reported as increases in the appropriate net asset classes.

The College's collections consist primarily of books, artwork, and scientific artifacts. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from the disposition of collection items to be used to acquire other collection items.

In-Kind Contributions

In addition to receiving cash contributions, the College receives in-kind contributions of marketable securities and real estate from various donors. It is the policy of the College to record the estimated fair value of certain in-kind donations as an asset or expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended June 30, 2024 and 2023, approximately \$80,155 and \$5,190,878, respectively, was received in in-kind contributions.

Government Grants

Support funded by state and federal grants is recognized as the contracted services are performed or as outlays for eligible reimbursement under the grant agreements are incurred. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The College is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the College is subject to federal and state income taxes on any unrelated business taxable income. The College files tax returns in the appropriate federal and state jurisdictions for tax purposes.

Leases

The College determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The College determines lease classification as operating or finance at the lease commencement date. The College elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The College uses the implicit rate when readily determinable.

The lease term may include options to extend or to terminate the lease that the College is reasonably certain to exercise. The College has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses also present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general institutional, and fund raising categories based on the square footage of the College's facilities, estimates of time spent by College personnel and similar methods.

Self-Insurance

The College has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The College has purchased insurance that limits its exposure for individual claims to \$130,000 with an additional \$50,000 in total of all claims in excess of \$130,000 and that limits its aggregate exposure to \$3,913,250.

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Subsequent Events

Subsequent events have been evaluated through December 20, 2024, which is the date the financial statements were available to be issued.

Note 2. Investments and Investment Return

Investments at June 30 consisted of the following:

	<u>2024</u>	<u>2023</u>
Cash equivalents	\$ 42,256,807	\$ 28,686,726
Domestic common stocks		
Large cap	4,096,270	4,603,126
Mid cap	108,621	109,670
Small cap	370,252	345,614
Foreign common stocks	1,119,509	1,580,787
Governmental securities	29,658,913	16,607,757
Fixed income securities/funds	2,444,705	1,755,731
	<u>80,055,077</u>	<u>53,689,411</u>
Alternative investments		
Hedge funds	285,461,509	249,864,649
Distressed debt securities	7,344,480	7,637,671
Private equity and venture capital	52,761,454	55,249,302
Real estate	11,600,231	13,749,920
Natural resources	6,718,121	8,687,719
	<u>363,885,795</u>	<u>335,189,261</u>
	<u>\$ 443,940,872</u>	<u>\$ 388,878,672</u>

The following schedules summarize the investment return and its classification in the statements of activities.

	<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 2,944,766	\$ 3,556,802	\$ 6,501,568
Net realized and unrealized gains	15,739,168	20,610,293	36,349,461
Total investment return	18,683,934	24,167,095	42,851,029
Investment return designated for current operations	<u>(9,008,482)</u>	<u>(10,880,791)</u>	<u>(19,889,273)</u>
Investment return greater than amounts designated for current operations	<u>\$ 9,675,452</u>	<u>\$ 13,286,304</u>	<u>\$ 22,961,756</u>

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	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 3,101,768	\$ 3,525,996	\$ 6,627,764
Net realized and unrealized losses	3,894,603	7,966,454	11,861,057
Total investment return	6,996,371	11,492,450	18,488,821
Investment return designated for current operations	(8,968,260)	(10,194,849)	(19,163,109)
Investment return less than amounts designated for current operations	\$ (1,971,889)	\$ 1,297,601	\$ (674,288)

Alternative Investments

The fair value of alternative investments presented in the tables above has been estimated using the net asset value per share of the investments. Alternative investments held at June 30 consist of the following:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
June 30, 2024				
Alternative investments				
Hedge funds	\$ 285,461,509	\$ -	Quarterly - annually	30 - 100 days
Distressed debt securities	7,344,480	598,122	Not eligible	n/a
Private equity and venture capital	52,761,454	62,650,077	Not eligible	n/a
Real estate	11,600,231	6,263,900	Not eligible	n/a
Natural resources	6,718,121	2,704,186	Not eligible	n/a
June 30, 2023				
Alternative investments				
Hedge funds	\$ 249,864,649	\$ -	Quarterly - annually	30 - 100 days
Distressed debt securities	7,637,671	598,122	Not eligible	n/a
Private equity and venture capital	55,249,302	55,681,278	Not eligible	n/a
Real estate	13,749,920	6,318,947	Not eligible	n/a
Natural resources	8,687,719	1,119,249	Not eligible	n/a

Hedge Funds includes investments in hedge funds that take both long and short positions across asset classes. Management of the funds has the ability to shift investments among differing investment strategies. The remaining restriction period for these investments ranged from six to twelve months at June 30, 2024.

Distressed Debt Securities includes investments in partnerships that purchase debt securities trading at a discount to their par value. The unofficial definition of distressed debt is any security yielding 10% points more than a U.S. Treasury bond with an equivalent maturity. Under the terms of the partnership agreements, capital is committed for seven to twelve years and may not be redeemed. Typically, the general partner requests capital during the initial three to five year period in order to fund investment activities. Distributions are made throughout and upon dissolution of the partnership.

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Private Equity and Venture Capital includes several funds that invest primarily in the equity securities of public or private companies at various stages within their life cycle. These investments are either direct, fund of funds or secondary purchases across multiple strategies (growth equity, company buyout, venture capital, etc.) and are expected to significantly exceed performance of traditional equity indices. Private equity and venture capital investments cannot be redeemed because the investments do not allow for redemption in the first 12 years after acquisition. The remaining restriction period for these investments ranged from six to seven years at June 30, 2024.

Real Estate includes several real estate funds that invest in residential, multi-family, commercial and distressed properties in the U.S. Distributions from each fund will be made as the underlying investments of the funds are liquidated. It is estimated the underlying assets of the funds will be liquidated over the next one to twelve years.

Natural Resources includes investments in partnerships that invest primarily in oil and gas royalties and timber properties. Under the terms of the partnership agreements, capital is committed for seven to twelve years and may not be redeemed. Typically, the general partner requests capital during the initial three to five year period in order to fund investment activities. Distributions are made throughout and upon dissolution of the partnership.

Note 3. Contributions Receivable

Contributions receivable at June 30 consisted of the following:

	With Donor Restrictions	
	2024	2023
	<hr/>	<hr/>
Due within one year	\$ 10,523,999	\$ 12,025,972
Due in one to five years	4,786,535	6,848,229
Due after five years	597,875	877,850
	<hr/>	<hr/>
	15,908,409	19,752,051
Less:		
Allowance for uncollectible contributions	(1,511,755)	(1,222,905)
Unamortized discount	(616,840)	(1,225,950)
	<hr/>	<hr/>
	\$ 13,779,814	\$ 17,303,196
	<hr/> <hr/>	<hr/> <hr/>

Discount rates ranged from 4.66% to 5.12% for 2024 and 3.56% to 4.43% for 2023.

Note 4. Property and Equipment

Property and equipment at June 30 consists of:

	<u>2024</u>	<u>2023</u>
Land and land improvements	\$ 13,535,226	\$ 13,522,209
Buildings	193,898,530	190,420,592
Machinery and equipment	24,164,022	23,955,162
Vehicles	536,631	526,423
Construction in progress	6,219,279	4,154,861
	<u>238,353,688</u>	<u>232,579,247</u>
Less accumulated depreciation and amortization	<u>(111,933,976)</u>	<u>(106,878,292)</u>
	<u>\$ 126,419,712</u>	<u>\$ 125,700,955</u>

Note 5. Beneficial Interest in Trusts

Charitable Remainder Trusts Held by Others

The College is the beneficiary under various charitable remainder trusts for which it is not the trustee. The College's beneficial interest in these trusts is recorded at fair value, measured by the present value of the estimated expected future benefits to be received when the trust assets are distributed. At June 30, 2024 and 2023, the College's beneficial interest in remainder trusts administered by outside parties is \$15,828,114 and \$14,676,907, respectively. During the years ended June 30, 2024 and 2023, the College received no new contributions under remainder trusts held by others.

Charitable Remainder Trusts Held by the College

The College is also the beneficiary under various charitable trusts for which the College is the trustee. At June 30, 2024 and 2023, the value of these trusts was \$9,154,664 and \$8,623,696 respectively. At June 30, the underlying investments in these trusts included the following:

	<u>2024</u>	<u>2023</u>
Exchange - traded funds	\$ 5,584,769	\$ 5,347,637
Other mutual funds	<u>3,569,895</u>	<u>3,276,059</u>
	<u>\$ 9,154,664</u>	<u>\$ 8,623,696</u>

The College is also the beneficiary under various revocable trust agreements. The assets of these trusts are not included in the statements of financial position of the College, since the trusts are revocable at the discretion of the grantor.

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Beneficial Interest in Perpetual Trusts

The College is the beneficiary under various perpetual trusts administered by outside parties. Under the terms of these trusts, the College has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$10,419,344 and \$9,510,937, which represents the College's share of the fair value of the trust assets at June 30, 2024 and 2023, respectively.

Note 6. Line of Credit

The College has a revolving bank line of credit that expires in April 2026. The total amount available to the College is \$20 million. At June 30, 2024 and 2023, there were no borrowings against this line. Interest is payable monthly at the Commercial Bank Floating Rate (CBFR). The applicable interest rate was 8.50% and 8.25% on June 30, 2024 and 2023, respectively.

Note 7. Long-Term Debt

Long-term debt consists of the following:

	<u>2024</u>	<u>2023</u>
Indiana Finance Authority Educational Facilities Revenue Refunding Bond, Series 2022	\$ 13,615,385	\$ 14,750,000
Indiana Finance Authority Educational Facilities Revenue Refunding Bond, Series 2019	<u>18,734,400</u>	<u>20,816,000</u>
	<u>\$ 32,349,785</u>	<u>\$ 35,566,000</u>

On June 17, 2022, the College entered into a bond and loan agreement with the Indiana Finance Authority (Authority) and a financial institution whereby the Authority issued the Indiana Finance Authority Educational Facilities Revenue Bond, Series 2022 (the 2022 Bond) on behalf of the College, then sold the bond to the financial institution and loaned the proceeds of \$15,500,000 to the College. The College used the proceeds from the 2022 Bond to facilitate the acquisition, construction, furnishing and equipping of certain educational facilities, as well as to refund the outstanding 2015 bonds. The proceeds of the 2022 Bond were also used to fund the costs of issuance.

The 2022 Bond matures on January 2, 2036. Interest on the 2022 Bond is due on the first business day of each month commencing on July 1, 2022. The 2022 Bond bears interest at a fixed rate of 3.23% plus an applicable spread based on the reported ratio of unrestricted cash and investments to funded debt (as defined in the bond and loan agreement), with the applicable spread ranging between 0.00% and 0.30%. The interest rate in effect at June 30, 2024 and 2023 was 3.23%.

On August 30, 2019, the College issued Series 2019 Bonds, which fully refunded the outstanding balance of the 2013 Bond. The interest rate swap related to the 2013 debt continued beyond the date of the refunding of the corresponding bonds and was subsequently terminated during fiscal year 2022. The 2019 Bonds were issued in the amount of \$29,142,000 and mature on February 1, 2037. Interest on the 2019 Bonds is due on the first business day of each month. The 2019 Bonds bear interest at a rate of 2.53%.

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On November 5, 2015, the College entered into a bond and loan agreement with the Indiana Finance Authority (Authority) and a financial institution whereby the Authority issued the Indiana Finance Authority Educational Facilities Revenue Bond, Series 2015 (the 2015 Bond) on behalf of the College, then sold the bond to the financial institution and loaned the proceeds of \$15,000,000 to the College. The College used the proceeds from the loan to facilitate the acquisition, construction, furnishing, and equipping of new student housing facilities and the remodeling, renovation, and improvement of an existing student housing facility. The proceeds of the 2015 Bond were also used to fund the costs of issuance. As previously noted, the 2015 Bond was refunded in full using proceeds from the 2022 Bond.

The 2022 Bond and 2019 Bonds are collateralized by substantially all of the College's assets and are subject to certain covenants, including a requirement to maintain a ratio of unrestricted cash and investments to funded debt of at least 1.50 to 1.00 (as defined in the bond and loan agreement), tested annually as of the last day of each fiscal year.

On April 30, 2020, the College entered into a promissory term note for \$10 million, the proceeds of which were used to provide working capital, liquidity and construction of the new Little Giants Stadium. This note was to mature December 31, 2022. The College paid \$5,000,000 toward this promissory note on October 18, 2021, in exchange for a term loan with a final maturity date of December 31, 2022. The College paid the outstanding balance of this note in full in March 2022.

Aggregate annual maturities and sinking fund requirements of long-term debt at June 30, 2024 are:

	Long-Term Debt
2025	\$ 3,216,215
2026	3,216,215
2027	3,216,215
2028	3,216,215
2029	3,216,215
Thereafter	<u>16,268,710</u>
	<u>\$ 32,349,785</u>

Note 8. Leases

The College has entered into a finance lease related to the use of equipment. Termination of the lease generally is prohibited unless there is a violation under the lease agreement. The College's lease agreements do not contain any material residual value guarantees or material restrictive covenants

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Quantitative Disclosures

The lease cost and other required information for the years ended June 30, 2024 and 2023 are:

	<u>2024</u>	<u>2023</u>
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	\$ 106,017	\$ 106,017
Interest on lease liabilities	8,044	11,071
Total lease cost	<u>\$ 114,061</u>	<u>\$ 117,088</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Financing cash flows from finance leases	\$ 108,064	\$ 105,036
Weighted-average remaining lease term		
Finance leases	1.25 years	2.25 years
Weighted-average discount rate		
Finance leases	2.85%	2.85%

Future minimum lease payments and reconciliation to the statement of financial position at June 30, 2024, are as follows:

	<u>Finance Lease</u>
2025	\$ 116,108
2026	104,800
	<u>220,908</u>
Amounts representing interest	<u>(6,652)</u>
	<u>\$ 214,256</u>

Note 9. Annuities and Trusts Payable

The College has been the recipient of several gift annuities, which require future payments to the donor or their named beneficiaries. The College has recorded a liability at June 30, 2024 and 2023 of \$1,156,934 and \$1,243,213, respectively, which represents the present value of the future annuity obligations. The liability has been determined using a discount rate of 5.6% and 4.2% as of June 30, 2024 and 2023, respectively.

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The College administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term, usually the designated beneficiary's lifetime. At the end of the trust's term, the remaining assets are available for the College's use. The portion of the trust attributable to the future interest of the College is recorded in the statements of activities as contributions with donor restrictions in the period the trust is established. Assets held in the charitable remainder trusts are recorded at fair value in the College's statements of financial position. On an annual basis, the College revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of 5.6% and applicable mortality tables. At June 30, 2024 and 2023, assets held by the College under charitable remainder trusts aggregate \$9,154,664 and \$8,623,696 and the associated liabilities are \$3,727,369 and \$3,631,186, respectively.

Note 10. Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose		
Scholarships	\$ 665,286	\$ 1,139,117
Research (including Center for Inquiry)	3,764,866	5,182,538
Public service (including Wabash Center)	31,101,795	8,754,410
Academic support and library	610,422	725,222
Student services	639,833	638,560
Capital projects	13,889,363	7,729,104
Other	-	757,066
Subject to the passage of time	27,673,756	28,691,547
Non-endowed funds		
Scholarships	20,773,393	19,363,639
General operations of the College	11,638,940	11,787,277
Loans	308,252	307,252

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	(Continued)	
	2024	2023
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Scholarships	\$ 73,256,305	\$ 68,015,077
Research	2,565,012	2,534,912
Public service	47,685	47,685
Academic support and library	11,732,710	11,326,762
Student services	10,539,059	10,066,710
Administration	366,319	366,319
Endowed chairs	26,815,134	25,813,634
General operations of the College (General endowment)	25,997,316	23,362,321
Capital projects	615,255	615,255
Loans	302,054	302,054
	<u>152,236,849</u>	<u>142,450,729</u>
Subject to endowment spending policy and appropriation		
Scholarships	32,066,495	26,089,227
Research	1,122,782	972,342
Public service	20,873	18,291
Academic support and library	6,356,809	5,414,719
Student services	4,613,261	3,861,389
Administration	160,349	140,513
Endowed chairs	9,789,130	8,193,999
General operations of the College (General endowment)	13,347,112	9,740,357
Capital projects	269,316	235,100
Loans	132,218	115,862
	<u>67,878,345</u>	<u>54,781,799</u>
Total endowments	<u>220,115,194</u>	<u>197,232,528</u>
	<u>\$ 331,181,100</u>	<u>\$ 282,308,260</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2024	2023
Satisfaction or purpose restrictions		
Scholarships	\$ 7,084,817	\$ 6,553,420
Research (including Center for Inquiry)	2,304,951	1,781,885
Public service (including Wabash Center)	3,917,382	4,254,464
Academic support and library	3,585,804	5,401,199
Student services	1,372,781	1,632,353
Property and equipment acquired and placed in service	1,203	169,861
Other	5,584,293	5,692,814
	<u>\$ 23,851,231</u>	<u>\$ 25,485,996</u>

Note 11. Endowment

The College's pooled endowment consists of approximately 400 individual funds established for a variety of purposes. The pooled endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with pooled endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The College's Board of Trustees has interpreted the State of Indiana's Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the College considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The College has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with SPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the College and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the College
7. Investment policies of the College

The composition of net assets by type of pooled endowment fund at June 30, 2024 and 2023 was:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Amounts required to be maintained in perpetuity	\$ -	\$ 152,236,849	\$ 152,236,849
Accumulated investment gains	-	67,878,345	67,878,345
Board-designated endowment funds	182,238,919	-	182,238,919
Total pooled endowment funds	<u>\$ 182,238,919</u>	<u>\$ 220,115,194</u>	<u>\$ 402,354,113</u>

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	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Amounts required to be maintained in perpetuity	\$ -	\$ 142,450,729	\$ 142,450,729
Accumulated investment gains	-	54,781,799	54,781,799
Board-designated endowment funds	<u>173,502,907</u>	<u>-</u>	<u>173,502,907</u>
Total pooled endowment funds	<u>\$ 173,502,907</u>	<u>\$ 197,232,528</u>	<u>\$ 370,735,435</u>

Changes in endowment net assets for the years ended June 30, 2024 and 2023 were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	\$ 175,666,183	\$ 190,515,273	\$ 366,181,456
Investment return	7,468,790	8,714,641	16,183,431
Contributions received and board designations	2,750	7,200,421	7,203,171
Appropriation of endowment assets for expenditure	(8,968,260)	(10,194,849)	(19,163,109)
Other changes to endowment funds	<u>(666,556)</u>	<u>997,042</u>	<u>330,486</u>
Endowment net assets, June 30, 2023	173,502,907	197,232,528	370,735,435
Investment return	17,700,861	21,479,562	39,180,423
Contributions received and board designations	31,355	10,735,374	10,766,729
Appropriation of endowment assets for expenditure	(9,008,482)	(10,880,791)	(19,889,273)
Other changes to endowment funds	<u>12,278</u>	<u>1,548,521</u>	<u>1,560,799</u>
Endowment net assets, June 30, 2024	<u>\$ 182,238,919</u>	<u>\$ 220,115,194</u>	<u>\$ 402,354,113</u>

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From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the College is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body. At June 30, 2024 and 2023, underwater endowment funds reported in net assets with donor restrictions were as follows:

	<u>2024</u>	<u>2023</u>
Original gift values	\$ 17,349,564	\$ 36,240,945
Fair value of underwater funds	<u>16,550,856</u>	<u>33,930,292</u>
Underwater endowment funds	<u>\$ (798,708)</u>	<u>\$ (2,310,653)</u>

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the College must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the College's policies, endowment assets are invested in a manner that is intended to produce results that exceed inflation, spending and the costs of asset management while assuming a prudent level of investment risk. The College expects its endowment funds to provide an average annual rate of return of approximately 6% plus the Consumer Price Index over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The College's endowment spending policy appropriates a percentage of the twelve quarter moving average of the fair value of the College's pooled endowment to support operations. For fiscal year 2024 and 2023, the College drew 5.5% for operations. The College's endowment spending policy is consistent with the College's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. The College has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations.

Note 12. Pension Plans

The College provides noncontributory retirement plans through Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA/CREF), a national organization used to fund retirement benefits for educational institutions, and American Funds, a mutual fund company used to fund retirement benefits. These plans cover substantially all employees of the College.

The College makes monthly contributions to TIAA/CREF and American Funds to purchase individual annuities. Total amounts expensed in relation to these plans were \$1,986,620 and \$1,915,684 for 2024 and 2023, respectively.

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Note 13. Postretirement Plan

The College sponsors a defined-benefit postretirement health plan that covers both salaried and non-salaried employees who meet the eligibility requirements. The College expects to contribute \$343,577 to the plan in fiscal year 2024.

The College uses a June 30 measurement date for this plan and information about the plan's funded status follows:

	<u>2024</u>	<u>2023</u>
Benefit obligation	\$ 4,746,331	\$ 4,616,125
Funded status	<u>\$ (4,746,331)</u>	<u>\$ (4,616,125)</u>
Accumulated benefit obligation	<u>\$ (4,746,331)</u>	<u>\$ (4,616,125)</u>
Items not yet recognized as a component of net periodic benefit cost		
Net gain	\$ (803,944)	\$ (1,352,301)
Prior service credit	(3,433,764)	(4,578,354)

A liability of \$4,746,331 and \$4,616,125 was recorded at June 30, 2024 and 2023, respectively, for the accumulated benefit obligation in excess of plan assets.

Other significant balances and costs are:

	<u>2024</u>	<u>2023</u>
Benefit income	\$ (1,219,164)	\$ (984,972)
Employer contribution	343,577	353,312
Benefits paid	343,577	353,312

The estimated net gain and prior service credit that will be amortized into net periodic benefit cost over the next fiscal year are \$109,770 and \$296,896, respectively.

The following amounts have been recognized in the statements of activities for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Amounts reclassified as components of net periodic pension cost of the period:		
Net gain	\$ (296,896)	\$ (76,952)
Prior service credit	(1,144,590)	(1,144,590)

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Significant assumptions include:

	<u>2024</u>	<u>2023</u>
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	5.00%	4.50%
Medical trend rate (Pre-65 / Post-65)	7.50% / 6.50%	7.50% / 6.50%
Weighted-average assumptions used to determine benefit costs:		
Discount rate	5.25%	5.00%
Medical trend rate (Pre-65 / Post-65)	8.00% / 6.50%	7.50% / 6.50%

For measurement purposes, a 8.00% (pre-65) and 6.50% (post-65) annual rate of increase in the per capita cost of covered health care benefits was assumed for 2024 and a 7.50% (pre-65) and 6.50% (post-65) annual rate of increase in the per capita cost of covered health care benefits was assumed for 2023.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30:

2025	\$	366,245
2026		378,459
2027		381,084
2028		376,409
2029		383,974
2030 - 2034		1,867,340

Note 14. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2024. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Domestic Common Stocks and Foreign Common Stocks: Where quoted market prices are available in an active market, domestic and foreign common stocks are classified within Level 1 of the valuation hierarchy.

Fixed Income Securities/Funds: Where quoted market prices are available in an active market, fixed income securities/funds are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and are classified as Level 2.

Alternative Investments: As a practical expedient, fair value of alternative investments is determined using the net asset value (or its equivalent) supplied by the respective fund managers. Alternative investments are therefore classified within the Investments Measured at NAV of the valuation hierarchy.

Charitable Remainder Trusts

The fair value of charitable remainder trusts held by others is estimated at the present value of future distributions expected to be received by the College over the term of the agreement based on life expectancy tables and discount rates that approximate the average return on the endowment. Due to the nature of the valuation inputs, the interest in charitable remainder trusts held by others is classified within Level 3 of the hierarchy.

The fair value of the investments in charitable remainder trusts held by the College are based on quoted market prices available in active markets, and are therefore classified within Level 1 of the hierarchy. The underlying securities of the charitable remainder trusts held by the College consist primarily of domestic and foreign common stocks and fixed income funds.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement, which approximates the fair value of the underlying investments which are primarily held in marketable securities. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

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Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023.

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2024				
Investments				
Cash equivalents	\$ 42,256,807	\$ 42,256,807	\$ -	\$ -
Domestic common stocks				
Large cap	4,096,270	4,096,270	-	-
Mid cap	108,621	108,621	-	-
Small cap	370,252	370,252	-	-
Foreign common stocks	1,119,509	1,119,509	-	-
Governmental securities	29,658,913	29,658,913	-	-
Fixed income securities/funds	2,444,705	2,444,705	-	-
Total investments classified within the fair hierarchy	80,055,077	<u>\$ 80,055,077</u>	<u>\$ -</u>	<u>\$ -</u>
Investments carried at NAV ^(A)	363,885,795			
Total investments	<u>443,940,872</u>			
Charitable remainder trusts	24,982,778	\$ 9,154,664	\$ -	\$ 15,828,114
Beneficial interest in perpetual trusts	10,419,344	-	10,419,344	-
June 30, 2023				
Investments				
Cash equivalents	\$ 28,686,726	\$ 23,992,878	\$ 4,693,848	\$ -
Domestic common stocks				
Large cap	4,603,126	4,603,126	-	-
Mid cap	109,670	109,670	-	-
Small cap	345,614	345,614	-	-
Foreign common stocks	1,580,787	1,580,787	-	-
Governmental securities	16,607,757	16,607,757	-	-
Fixed income securities/funds	1,755,731	1,755,731	-	-
Total investments classified within the fair hierarchy	53,689,411	<u>\$ 48,995,563</u>	<u>\$ 4,693,848</u>	<u>\$ -</u>
Investments carried at NAV ^(A)	335,189,261			
Total investments	<u>388,878,672</u>			
Charitable remainder trusts	23,300,603	\$ 8,623,697	\$ -	\$ 14,676,906
Beneficial interest in perpetual trusts	9,510,937	-	9,510,937	-

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

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The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Charitable Remainder Trusts
Balance, July 1, 2022	\$ 16,931,141
Change in value of split-interest agreements	<u>(2,254,235)</u>
Balance, June 30, 2023	14,676,906
Change in value of split-interest agreements	<u>1,151,208</u>
Balance, June 30, 2024	<u><u>\$ 15,828,114</u></u>

The College occasionally recognizes transfers from Level 3 to Level 2 as a result of the expiration of fund lock-up provisions. The expiration of these provisions allows the College to redeem its interest in these funds at net asset value within a reasonable period of time. Such transfers are recognized as of the end of the year.

Unobservable (Level 3) Inputs

The fair value of the College's interest in charitable remainder trusts held by others is estimated at the present value of the estimated expected future benefits to be received and was \$15,828,114 and \$14,676,907 at June 30, 2024 and 2023, respectively. Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement using a discount rate of 5.6% and 4.2% at June 30, 2024 and 2023, respectively. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Note 15. Liquidity

The College receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The College's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure, but fulfill key operating needs of the College.

The board-designated endowment of \$184,306,483 and \$173,502,907 at June 30, 2024 and 2023, respectively, is subject to an annual spending rate described in Note 11. Although the College does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. To help manage unanticipated liquidity needs, the College has a line of credit that matures in April 2026 in the amount of \$20 million which it could draw upon.

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The College manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. During the year ended June 30, 2024, the level of liquidity and reserves was managed within the policy requirements.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 and 2023, comprise the following:

	<u>2024</u>	<u>2023</u>
Financial assets available to meet cash needs for general expenditures within one year		
Cash	\$ 7,837,448	\$ 8,012,443
Accounts receivable	837,783	605,404
Contributions receivable for general expenditure due within one year	7,163,349	8,401,493
Investment return designated for current operations	20,706,419	19,889,273
Investments not encumbered by donor or board restrictions	<u>2,072,905</u>	<u>4,623,001</u>
	<u>\$ 38,617,904</u>	<u>\$ 41,531,614</u>

Note 16. Related Parties

The College has adopted a conflict of interest policy that requires trustees, officers, and key employees to submit an annual conflict of interest disclosure. The annual disclosure requires trustees, officers, and key employees to disclose, in writing, any known financial interest that the individual, together with family members, has in any business entity that conducts business with the College.

At June 30, 2024 and 2023, approximately 39% and 50%, respectively, of the contributions receivable balance was due from Board of Trustees' members. Additionally, approximately 36% and 44% of the contribution, gift and bequest revenue was received from Board of Trustee members for the years ended June 30, 2024 and 2023.

Note 17. Revenue From Contracts

Net tuition revenues consisted primarily of tuition, net of scholarships, and fees derived from courses taught by the College. Tuition revenue is recognized pro-rata over the applicable period of instruction. A contract is entered into with a student and covers a course or semester. Revenue recognition occurs once a student starts attending a course. Residence hall (room and board) revenue includes housing, 10-, 15-, or 19-meal plans, and fee revenues that were recognized over the period the services were provided. Other income, which mostly includes program revenue, would be recognized when the services were provided at a point in time. For the years ended June 30, 2024 and 2023, the College's net tuition revenue was comprised of the following components:

	<u>2024</u>	<u>2023</u>
Student tuition and fees	\$ 39,982,236	\$ 38,060,596
Grants and scholarships	<u>(28,968,745)</u>	<u>(27,783,139)</u>
Net tuition revenue	<u>\$ 11,013,491</u>	<u>\$ 10,277,457</u>

Performance Obligations

The College has identified performance obligations associated with the provision of its educational instruction and other educational services, housing services, and other academic related services and used the output measure for recognition as the period of time over which the services are provided to students. The College has identified performance obligations such as book sales or certain merchandise sales, and other ancillary activities and recognized revenue at the point in time goods or services are provided to its customers. The College maintains an institutional tuition refund policy, which provides for all or a portion of tuition to be refunded if a student withdrew during certain limited, stated refund periods. If a student withdraws at a time when only a portion, or none of the tuition is refundable, then in accordance with its revenue recognition policy, the College continued to recognize the tuition that is not refunded pro-rata over the applicable period of instruction. The College does not record revenue on amounts that may be refunded. However, for students that take out financial aid to pay their tuition and for which a return of such money to the Department of Education under Title IV is required as a result of his or her withdrawal, the College reassessed collectability for these students each semester for the estimated revenue that will be returned and recognized the revenue in future periods when payment was received, if any. The College's main education programs have starting and ending dates that do not significantly differ from its fiscal year-end.

Transaction Price

Because all of its performance obligations relate to contracts with a duration of less than one year, the College has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no significant unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

The College determines the transaction price based on standard charges for goods and services provided, reduced by certain institutional scholarships and aid in accordance with the College's policies for granting certain merit-based aid.

Contract Assets and Liabilities

The College's receivables represent unconditional rights to consideration from its contracts with students. Revenue is recognized as performance obligations are satisfied, which is ratably over the academic term. Generally, the College bills students prior to the beginning of the semester, and student accounts receivable are due in full before classes begin. Included in each invoice to the student are all educational related items including tuition, net of scholarships, housing, educational materials, and fees. At June 30, 2024, 2023 and 2022, the College had receivables from students totaling \$310,372, \$204,213 and \$178,247, respectively. The College does not have any contract assets outside of receivables. The College has no significant contract liabilities for student deposits or student credit balances.

Disaggregation of Revenue

The composition of contract revenue with students for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Net tuition revenue	\$ 11,013,491	\$ 10,277,457
Auxiliary services	10,825,662	10,148,536
Other income	<u>2,497,007</u>	<u>2,334,056</u>
	<u>\$ 24,336,160</u>	<u>\$ 22,760,049</u>

The timing of revenue recognition for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Services transferred over time	\$ 21,839,153	\$ 20,425,993
Sales and services transferred at a point in time	<u>2,497,007</u>	<u>2,334,056</u>
	<u>\$ 24,336,160</u>	<u>\$ 22,760,049</u>

Note 18. Significant Estimates, Concentrations and Contingencies

Concentrations - Contributions

At June 30, 2024 and 2023, approximately 66% and 44%, respectively, of contributions were received from two donors, respectively.

Pension Benefit Obligations

The College has a defined-benefit postretirement health plan whereby it agrees to provide certain postretirement health benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date. It is reasonably possible that events could occur that would change the estimated amount of this liability in the near term.

Litigation

The College is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the College. Events could occur that would change this estimate materially in the near term.