

Juniata College

Financial Statements

May 31, 2023 and 2022

Juniata College

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Independent Auditors' Report

To the Board of Trustees of
Juniata College

Opinion

We have audited the financial statements of Juniata College (the College), which comprise the statements of financial position as of May 31, 2023 and 2022, 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 College as of May 31, 2023 and 2022, 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 Auditors' 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 the financial statements are available to be issued.

Auditors' 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 auditors' 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.

Baker Tilly US, LLP

Pittsburgh, Pennsylvania
October 23, 2023

Juniata College

Statements of Financial Position

May 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents, including approximately \$11,068,000 and \$13,997,000 of restricted cash at May 31, 2023 and 2022, respectively	\$ 19,813,315	\$ 25,332,946
Accounts receivable:		
Student, net	786,332	613,320
Governmental agencies	4,105,177	845,495
Other	329,171	246,940
Unconditional promises to give, net	4,155,391	4,723,196
Inventory	321,065	359,680
Prepaid expenses	3,884,850	4,018,231
Investments	111,304,275	117,251,442
Real estate investments	3,184,196	3,282,773
Cash surrender value of life insurance	8,042,572	7,439,268
Student loans receivable	445,588	532,288
Funds held in trust by others	3,554,687	3,687,038
Collections	1,656,432	1,656,432
Right-of-use assets	581,965	223,656
Other assets, net	329,700	434,825
Plant assets, net	81,537,204	76,244,943
	<u>\$ 244,031,920</u>	<u>\$ 246,892,473</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 3,449,943	\$ 815,226
Accrued payroll and related liabilities	3,740,669	3,413,756
Student deposits and prepayments	237,812	247,954
Deferred summer tuition	1,068,553	856,587
Deferred grant revenue	81,064	167,871
Funds held in custody for others	77,483	241,868
Bonds and notes payable	70,543,897	70,821,476
Operating lease obligations	581,965	223,656
Postretirement benefits	4,854,999	5,733,791
Annuities payable	4,149,887	4,158,981
Advance from federal government for student loans	221,415	285,644
	<u>89,007,687</u>	<u>86,966,810</u>
Net Assets		
Without donor restrictions	37,814,290	39,827,798
With donor restrictions	117,209,943	120,097,865
	<u>155,024,233</u>	<u>159,925,663</u>
Total net assets	<u>\$ 244,031,920</u>	<u>\$ 246,892,473</u>
Total liabilities and net assets	<u>\$ 244,031,920</u>	<u>\$ 246,892,473</u>

See notes to financial statements

Juniata College

Statement of Activities

Year Ended May 31, 2023 (With Comparative Totals for 2022)

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Revenues				
Tuition and fees, net	\$ 21,713,213	\$ -	\$ 21,713,213	\$ 21,857,165
Federal, state and local grants and contracts	2,292,893	1,613,861	3,906,754	5,208,515
Private gifts, grants and bequests of cash and financial assets	1,564,061	9,011,292	10,575,353	5,310,739
Private gifts, grants and bequests of nonfinancial assets	35,067	-	35,067	814,762
Investment income, net	568,841	1,693,878	2,262,719	1,792,445
Endowment return, designated for operations	1,914,932	5,561,509	7,476,441	11,947,788
Other income	1,139,388	27,495	1,166,883	572,564
Auxiliary enterprises	13,854,845	-	13,854,845	14,120,239
Net assets released from restrictions:				
Satisfaction of program restrictions	9,094,695	(9,094,695)	-	-
Appropriation from donor endowment	4,558,939	(4,558,939)	-	-
Total operating revenues	56,736,874	4,254,401	60,991,275	61,624,217
Operating Expenses				
Educational and general:				
Program expenses:				
Instructional	17,226,561	-	17,226,561	16,842,454
Research and public service	2,236,381	-	2,236,381	1,584,865
Academic support	4,625,109	-	4,625,109	4,294,721
Student services	11,854,042	-	11,854,042	10,723,379
Student aid	-	-	-	1,420,072
Institutional support:				
Management and general	7,990,353	-	7,990,353	7,962,012
Development	1,688,365	-	1,688,365	1,336,896
Total educational and general	45,620,811	-	45,620,811	44,164,399
Auxiliary enterprises	10,801,810	-	10,801,810	10,722,733
Total operating expenses	56,422,621	-	56,422,621	54,887,132
Change in net assets from operating activities	314,253	4,254,401	4,568,654	6,737,085
Nonoperating Activities				
Endowment investment loss, net of amount designated for operations	(2,293,569)	(6,665,499)	(8,959,068)	(17,791,666)
Loss on funds held in trust by others	-	(132,351)	(132,351)	(368,312)
Loss on bond refunding	-	-	-	(232,321)
Change in valuation of split-interest agreements	(34,192)	(344,473)	(378,665)	(365,537)
Change in net assets from nonoperating activities	(2,327,761)	(7,142,323)	(9,470,084)	(18,757,836)
Change in net assets	(2,013,508)	(2,887,922)	(4,901,430)	(12,020,751)
Net Assets, Beginning	39,827,798	120,097,865	159,925,663	171,946,414
Net Assets, Ending	\$ 37,814,290	\$ 117,209,943	\$ 155,024,233	\$ 159,925,663

See notes to financial statements

Juniata College

Statement of Activities
Year Ended May 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Tuition and fees, net	\$ 21,857,165	\$ -	\$ 21,857,165
Federal, state and local grants and contracts	5,173,778	34,737	5,208,515
Private gifts, grants and bequests of cash and financial assets	1,897,721	3,413,018	5,310,739
Private gifts, grants and bequests of nonfinancial assets	14,762	800,000	814,762
Investment income, net	535,337	1,257,108	1,792,445
Endowment return, designated for operations	3,299,983	8,647,805	11,947,788
Other income (loss)	610,250	(37,686)	572,564
Auxiliary enterprises	14,120,239	-	14,120,239
Net assets released from restrictions:			
Satisfaction of program restrictions	4,161,669	(4,161,669)	-
Appropriation from donor endowment	4,788,279	(4,788,279)	-
Total operating revenues	<u>56,459,183</u>	<u>5,165,034</u>	<u>61,624,217</u>
Operating Expenses			
Educational and general:			
Program expenses:			
Instructional	16,842,454	-	16,842,454
Research and public service	1,584,865	-	1,584,865
Academic support	4,294,721	-	4,294,721
Student services	10,723,379	-	10,723,379
Student aid	1,420,072	-	1,420,072
Institutional support:			
Management and general	7,962,012	-	7,962,012
Development	1,336,896	-	1,336,896
Total educational and general	<u>44,164,399</u>	<u>-</u>	<u>44,164,399</u>
Auxiliary enterprises	<u>10,722,733</u>	<u>-</u>	<u>10,722,733</u>
Total operating expenses	<u>54,887,132</u>	<u>-</u>	<u>54,887,132</u>
Change in net assets from operating activities	<u>1,572,051</u>	<u>5,165,034</u>	<u>6,737,085</u>
Nonoperating Activities			
Endowment investment loss, net of amount designated for operations	(4,769,887)	(13,021,779)	(17,791,666)
Loss on funds held in trust by others	-	(368,312)	(368,312)
Loss on bond refunding	(232,321)	-	(232,321)
Change in valuation of split-interest agreements	(6,471)	(359,066)	(365,537)
Change in net assets from nonoperating activities	<u>(5,008,679)</u>	<u>(13,749,157)</u>	<u>(18,757,836)</u>
Change in net assets	<u>(3,436,628)</u>	<u>(8,584,123)</u>	<u>(12,020,751)</u>
Net Assets, Beginning	<u>43,264,426</u>	<u>128,681,988</u>	<u>171,946,414</u>
Net Assets, Ending	<u>\$ 39,827,798</u>	<u>\$ 120,097,865</u>	<u>\$ 159,925,663</u>

See notes to financial statements

Juniata College

Statement of Functional Expenses
Year Ended May 31, 2023

	Program Expenses			Institutional Support		Auxiliary Enterprises	Facilities, Operations and Maintenance		Total
	Instructional	Research and Public Service	Academic Support	Student Services	Management and General		Development	Operations and Maintenance	
Operating Expenses									
Compensation:									
Salaries and wages	\$ 8,509,482	\$ 528,649	\$ 1,594,486	\$ 4,290,881	\$ 3,019,910	\$ 830,508	\$ 835,156	\$ 965,511	\$ 20,574,583
Benefits	3,780,725	145,648	684,657	2,018,326	670,483	342,170	272,527	660,913	8,575,449
Depreciation and amortization	1,097,693	227,660	276,005	776,293	456,716	-	1,044,820	251,033	4,130,220
Auxiliary cost of sales	-	-	-	-	-	-	4,818,088	-	4,818,088
Other	42,451	132,103	141,483	271,300	191,312	17,216	-	42,552	838,417
Software, office and instructional supplies	477,373	286,064	582,836	936,917	655,734	127,177	20,420	34,307	3,120,828
Professional services	364,993	574,330	454,012	1,255,980	1,864,537	108,314	807,335	133,995	5,563,496
Interest on indebtedness	1,046,193	-	-	267,113	-	-	345,302	567,335	2,225,943
Utilities	-	23,726	-	-	-	-	661,143	929,477	1,614,346
Travel	336,787	103,889	263,995	829,234	162,745	70,042	-	98	1,766,790
Bad debt expense	26,497	-	-	5,638	223,854	13,448	22,619	-	292,056
Equipment repair and maintenance	125,820	105,152	44,273	75,574	325,067	17,762	253,180	650,183	1,597,011
Student employees	158,208	114,315	100,301	489,244	165,173	10,762	-	5,071	1,043,074
Programming	19,413	6,530	42,287	32,606	10,518	150,966	-	-	262,320
	15,985,635	2,248,066	4,184,335	11,249,106	7,746,049	1,688,365	9,080,590	4,240,475	56,422,621
Allocation of facilities, operations and maintenance	1,240,926	(11,685)	440,774	604,936	244,304	-	1,721,220	(4,240,475)	-
Total operating expenses	\$ 17,226,561	\$ 2,236,381	\$ 4,625,109	\$ 11,854,042	\$ 7,990,353	\$ 1,688,365	\$ 10,801,810	\$ -	\$ 56,422,621

See notes to financial statements

Juniata College

Statement of Functional Expenses
Year Ended May 31, 2022

	Program Expenses			Institutional Support		Auxiliary Enterprises	Facilities, Operations and Maintenance	Total
	Instructional	Research and Public Service	Academic Support	Student Services	Student Aid			
Operating Expenses								
Compensation:								
Salaries and wages	\$ 8,661,256	\$ 547,044	\$ 1,485,506	\$ 3,846,182	\$ -	\$ 2,988,988	\$ 767,702	\$ 20,050,392
Benefits	3,614,931	136,383	642,383	1,712,542	-	689,259	298,141	8,012,947
Depreciation and amortization	1,083,387	223,885	260,244	839,648	-	450,415	-	4,149,252
Auxiliary cost of sales	-	-	-	-	-	-	-	4,613,596
Other	25,710	83,454	96,888	223,254	-	222,860	19,715	703,044
Student emergency assistance fund (HEERF)	-	-	-	-	1,420,072	-	-	1,420,072
Software, office and instructional supplies	400,540	112,615	516,005	1,132,236	-	588,897	109,332	2,920,997
Professional services	182,528	216,751	525,207	846,326	-	1,920,247	47,199	3,951,360
Interest on indebtedness	1,139,597	-	-	290,961	-	-	-	363,701
Utilities	-	20,777	-	721,766	-	125,959	-	812,141
Travel	286,598	77,766	178,967	721,766	-	198,488	38,447	1,429,709
Bad debt expense	-	-	18,500	-	-	275,128	-	1,216,502
Equipment repair and maintenance	92,016	115,205	47,267	53,866	-	25,241	25,241	548,107
Student employees	136,633	80,900	93,001	466,084	-	173,396	6,405	1,414,705
Programming	34,632	9,866	17,657	21,402	-	97,250	24,714	963,143
	15,657,828	1,624,646	3,881,625	10,154,267	1,420,072	7,730,887	1,336,896	54,887,132
Allocation of facilities, operations and maintenance	1,184,626	(39,781)	413,096	569,112	-	231,125	-	(3,755,415)
Total operating expenses	\$ 16,842,454	\$ 1,584,865	\$ 4,294,721	\$ 10,723,379	\$ 1,420,072	\$ 7,962,012	\$ 1,336,896	\$ 54,887,132

See notes to financial statements

Juniata College

Statements of Cash Flows

Years Ended May 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (4,901,430)	\$ (12,020,751)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	4,130,220	4,149,252
Realized and unrealized loss on investments	1,482,627	5,843,878
Amortization of bond issuance costs and premium	(62,770)	34,145
Loss on funds held in trust by others	132,351	368,312
Loss on bond refunding	-	232,321
In-kind private gifts of plant assets	(35,067)	(800,000)
Private gifts restricted for long-term investment	(2,092,754)	(1,039,177)
Private gifts restricted for purchase of property and equipment	(3,556,005)	(2,577,583)
Bad debt expense	292,056	1,216,502
Changes in assets and liabilities:		
Accounts receivable	(3,609,813)	(598,677)
Unconditional promises to give	1,274,011	1,486,899
Inventory	38,615	(36,993)
Prepaid expenses	133,381	(571,089)
Accounts payable	1,543,643	364,233
Accrued payroll and related liabilities	326,913	(1,328,648)
Deferred revenue	125,159	(29,609)
Funds held in custody for others	(164,385)	(124,236)
Student deposits and prepayments	(10,142)	(77,599)
Postretirement benefits	(878,792)	(631,265)
Net cash used in operating activities	<u>(5,832,182)</u>	<u>(6,140,085)</u>
Cash Flows From Investing Activities		
Proceeds from sales of investments	14,675,254	17,138,049
Purchases of investments	(10,210,714)	(11,484,883)
Change in cash surrender value of life insurance	(603,304)	(386,514)
Proceeds from sale of plant assets	815,259	-
Purchases of plant assets	(8,907,897)	(2,592,297)
Student loans collected	86,700	209,818
Net cash (used in) provided by investing activities	<u>(4,144,702)</u>	<u>2,884,173</u>
Cash Flows From Financing Activities		
Proceeds from issuance of bonds, notes payable and finance leases	-	19,746,110
Payments on bonds, notes payable and finance leases	(214,809)	(5,969,114)
Proceeds from contributions restricted for long-term investments	3,787,251	1,004,097
Proceeds from contributions restricted for purchase of property and equipment	958,134	2,442,969
Repayments to federal government for student loans	(64,229)	(84,789)
Proceeds from annuity obligations	150,000	50,000
Payments of annuity obligations	(159,094)	(124,515)
Net cash provided by financing activities	<u>4,457,253</u>	<u>17,064,758</u>
Net change in cash and cash equivalents	(5,519,631)	13,808,846
Cash and Cash Equivalents, Beginning	<u>25,332,946</u>	<u>11,524,100</u>
Cash and Cash Equivalents, Ending	<u>\$ 19,813,315</u>	<u>\$ 25,332,946</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 2,225,943</u>	<u>\$ 2,558,184</u>
Supplemental Disclosure of Noncash Operating, Investing and Financing Activities		
Plant assets included in accounts payable	<u>\$ 1,091,074</u>	<u>\$ -</u>
Right-of-use assets recognized	<u>\$ 550,641</u>	<u>\$ -</u>
Operating lease obligations recognized	<u>\$ 550,641</u>	<u>\$ -</u>

See notes to financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Juniata College (the College), which is a not-for-profit educational institution organized under the laws of the Commonwealth of Pennsylvania, located in Huntingdon, Pennsylvania, was established in 1876 to provide higher education to students. The College awards grants-in-aid and scholarships to individuals who meet the College's academic standards. The amounts of such awards are determined primarily based upon the academic performance and financial needs of each applicant. Additional financial aid is provided to students from federal and state programs in which the College participates and from monies contributed to the College by alumni and friends.

During the years ended May 31, 2023 and 2022, the College provided student financial aid from internal resources of approximately \$35,268,000 and \$33,306,000, respectively, which represented 56% and 54% of gross tuition and fees revenue each year, respectively. During the years ended May 31, 2023 and 2022, the College provided student financial aid from monies contributed to the College by alumni and friends of approximately \$5,725,000 and \$6,823,000, respectively.

The College evaluated subsequent events for recognition or disclosure through October 23, 2023, the date the financial statements were available to be issued.

Basis of Presentation

The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), including accounting standards as they relate to financial statements of not-for-profit organizations. The Financial Accounting Standards Board (FASB) guidance requires the reporting of total assets, liabilities and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting the sources and uses of cash and cash equivalents in a statement of cash flows.

Net assets and revenues, gains, expenses and losses are classified as without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.

Net Assets With Donor Restrictions - Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions. Additionally, funds received as gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity are reported as net assets with donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law. Donor restrictions on gifts to acquire long-lived assets are considered met in the period in which assets are placed in service. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as contributions without donor restrictions.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents represent demand deposits and other investments, with original maturities of three months or less, that are not held for endowment or other long-term purposes. The College considers all highly liquid financial instruments with original maturities of three months or less, that are not held for endowment or other long-term purposes, to be cash equivalents. The College maintains its cash accounts in various financial institutions. Portions of the College's cash balances may exceed FDIC insurance coverage at various times throughout the year. Management considers these excesses to be normal business risks.

Accounts Receivable

Accounts receivable are reported at net realizable value. Accounts receivable are not collateralized. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based on the College's historical losses and periodic review of individual accounts.

Promises to Give

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk adjusted interest rate applicable to the year in which the promise is received. Amortization of the discount is included in private gifts, grants and bequests. An allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Conditional promises to give are promises for which donor-imposed conditions specify future and uncertain events of which occurrence or failure to occur release the donors from the obligation to transfer assets in the future. If and when such conditions have been substantially met, these promises cease to be conditional, and revenues are recorded, as appropriate.

Investments

Equity securities with readily determinable fair values and debt securities are valued at fair value based on quoted market prices as reported by the College's investment custodians. Adjustments to reflect increases or decreases in market value, referred to as unrealized gains and losses, are reported in the statements of activities.

Investments received as gifts are recorded at fair value as determined upon receipt. The cost of investments sold is determined by use of the specific identification method.

All realized and unrealized gains and losses arising from the sale or appreciation (depreciation) in fair value of investments, and all income from investments, are reported as changes in net assets without restrictions unless their use is restricted by explicit donor-imposed stipulations, or by law.

Alternative investments, representing ownership in debt and equity funds, private partnerships and other alternative investments, are based on the Net Asset Values (NAVs) provided by external investment managers or on audited financial statements when available. The NAVs provided by external investment managers are based on estimates, assumptions and methods that are reviewed by management.

Real estate investments are stated primarily at net book value. Net book value is determined in accordance with the College's policy for plant assets described below.

Investment-related fees are expensed when incurred and are netted against investment income in the statements of activities. For the years ended May 31, 2023 and 2022, investment-related fees amounted to approximately \$459,000 and \$513,000, respectively.

The College's principal financial instruments subject to credit risk are its investments. The investments are managed by professional advisors subject to the College's investment policy. The degree and concentration of credit risk varies by type of investment. The fair values reported in the statements of financial position are exposed to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

Funds Held in Trust by Others

Funds held in trust by others represent the College's share of these funds based on the terms of various irrevocable trusts. These funds are not in the possession of the College. Such terms provide that the College is to receive annually a certain percentage of the income earned by the funds which are held in trust. The College does not have access to the principal. The present values of the estimated future cash flows from the trusts are recognized as assets and contribution revenues at the dates the trusts are established. Distributions from the trusts are recorded as investment income and the carrying value of the assets is adjusted for changes in the estimates of future receipts. Because of the irrevocable right of the College to its share of the trusts' earnings, the College reports its share of these trusts on its financial statements as funds held in trust by others.

Collections

The College considers its collection of works of art and rare books as inexhaustible because they have cultural, aesthetic or historical value that will be preserved and, therefore, does not depreciate those assets. These items are held for educational, research and curatorial purposes. Any proceeds from the sale of collection items are reinvested in other collection items or used for the direct care of existing collection items.

Other Assets

Branding and logo costs are considered other assets and are amortized on a straight-line basis over 10 years. For the years ended May 31, 2023 and 2022, the College incurred amortization expense of approximately \$105,000.

Plant Assets

Plant assets are stated at cost, if purchased, or fair market value at the date of gift, if donated, less accumulated depreciation, computed on a straight-line basis over their estimated useful lives: buildings (40 years); land improvements (20 years); equipment (5-10 years). Maintenance and repairs are charged to expense as incurred; replacements and betterments are capitalized.

Life Income Agreements

The College's life income agreements with donors consist of charitable remainder trusts, charitable gift annuities and pooled income fund agreements for which the College serves as trustee. Assets held in these trusts are included in investments. Contribution revenues are recognized at the date the trusts are established after recording annuities payable for the present value of the estimated future payments to be made to the donors and/or other beneficiaries.

Advance From Federal Government for Student Loans

The College is a participant in the federal Perkins Loan federal program, which makes student loans available to eligible participants. This program is funded by both the federal government and the College, with the portion estimated to be allocable to the federal government recorded as a liability in the statements of financial position, and the portion allocable to the College included in net assets without donor restrictions.

The Extension Act amended Section 461 of the Higher Education Act to end the College's authority to make new Perkins Loans after May 31, 2018. The College is not required to assign the outstanding Perkins Loans to the U.S. Department of Education or liquidate their Perkins Loan revolving funds due to the wind-down of the Perkins Loan Program; however, the College may choose to liquidate at any time in the future. As of May 31, 2023, the College continues to service the Perkins Loan Program.

Bond Issuance Costs and Bond Premium, Net

Costs and premiums incurred in connection with bond financing have been deferred and are amortized over the term of the related bonds using the straight-line method, which approximates the interest method. Bond issuance costs and bond premium, net are recorded directly to bonds and notes payable in the statements of financial position.

Nonoperating Activities

The statements of activities include a performance measure of operations labeled as change in net assets from operating activities. In addition to revenues and expenses generated from the College's operations, this measure also includes net assets released from restrictions, endowment investments designated for operations and other transfers of nonoperating funds to support current operating activities. Nonoperating activities excluded from this measure are endowment investment returns, net of the amount designated for operations, gains and losses on funds held in trust by others and change in the valuation of split-interest agreements.

Revenue Recognition

Tuition and fees revenue is recognized in the fiscal year in which the academic programs are delivered. Sales and services of auxiliary enterprises revenue, which consists of room and board and related services, is recognized when the related service is provided or performed. Tuition and fees and auxiliary enterprise contracts are considered to have a duration of less than one year.

Transaction prices for tuition, fees, room and board are determined based on applicable College pricing schedules. Institutional financial aid and discounts provided by the College are reflected as a reduction of tuition and fees revenue with the exception of specifically identified auxiliary discounts such as room grants, which are reflected as a reduction in auxiliary revenue. The College awards grants-in-aid and scholarships to individuals who meet the College's academic standards. The amounts of such awards are based upon the financial needs and/or merit of each applicant.

Amounts are due for tuition, fees, room and board at the beginning of each semester. In accordance with the College's refund policies, undergraduate students may receive a full or partial refund until 60% of the semester has expired. Student accounts receivable includes amounts to which the College is unconditionally entitled. The College considers such amounts as unconditional based on the payment due date.

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Deferred summer tuition for billed services not yet performed totaled approximately \$1,068,000 and \$857,000 at May 31, 2023 and 2022, respectively, and consists primarily of amounts related to summer sessions. The deferred summer tuition at May 31, 2023 will be recognized as revenue in fiscal year 2024 as academic services are provided. The deferred summer tuition at May 31, 2022 was recognized in full as revenue in fiscal year 2023.

Student deposits and prepayments totaled approximately \$238,000 and \$248,000 at May 31, 2023 and 2022, respectively, and represent matriculation deposits paid to the College by students upon enrollment in order to secure their place in the class. A portion of the deposit is recognized as revenue in the year in which the student initially registers for coursework. The remainder is held as a security deposit that may be applied to any unpaid fees or fines upon the student's separation from the College.

Tuition and Fees, Net

Tuition and fees are presented net of grants-in-aid, scholarships funded from internal resources and private contributions.

A discount to tuition and fees results when the College reduces the obligation of a student by granting financial aid. The following details the gross and net amounts of tuition and fees for the years ended May 31:

	<u>2023</u>	<u>2022</u>
Tuition and fees	\$ 62,705,358	\$ 61,986,229
Less scholarship allowances	<u>(40,992,145)</u>	<u>(40,129,064)</u>
Tuition and fees, net	<u>\$ 21,713,213</u>	<u>\$ 21,857,165</u>

Government Grants and Contracts

Operating funds designated by government funding agencies for particular operating purposes are deemed to be earned and reported as revenues when the College has incurred expenditures in compliance with the contract.

Advertising Costs

Advertising costs are expensed as incurred and amounted to approximately \$700,000 in 2023 and \$388,000 in 2022.

Fundraising Costs

Fundraising costs are expensed as incurred and amounted to approximately \$1,675,000 in 2023 and \$1,337,000 in 2022 and are included in institutional support in the statements of activities.

Donor-Restricted Gifts

All contributions are considered to be available without restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as gifts with restrictions that increase that net asset classification. When a donor restriction expires, net assets with restrictions are reclassified as net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

For contributed property and equipment, and contributions restricted by donors for purchases of property and equipment, the contributions are recorded as restricted support. In the absence of such stipulations, these types of contributions are recorded as gifts without restrictions.

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Notes to Financial Statements
May 31, 2023 and 2022

Related-Party Transactions

The College receives private gifts, grants and bequests from related parties. Related-party private gifts, grants and bequests revenue for the years ended May 31:

	<u>2023</u>	<u>2022</u>
Board members	\$ 897,928	\$ 1,707,810
Management	32,501	15,918
Other employees	51,485	28,300
Total	<u>\$ 981,914</u>	<u>\$ 1,752,028</u>

Unsecured related-party unconditional promises to give as of May 31:

	<u>2023</u>	<u>2022</u>
Board members	\$ 3,025,773	\$ 3,313,235
Management	38,160	33,110
Other employees	53,897	58,104
Total	<u>\$ 3,117,830</u>	<u>\$ 3,404,449</u>

The American Rescue Plan

The American Rescue Plan (ARP) provided budgetary relief to higher education institutions. In total, the ARP set aside approximately \$39.6 billion of the \$122 billion allotted to the Education Stabilization Fund through the Higher Education Emergency Relief Fund (HEERF III). Under ARP, institutions received one grant comprised of two parts. Under the legislation, no less than 50% of the full grant is to be used for direct emergency aid to students. The remaining portion of the full grant is to be used to defray expenses associated with coronavirus, implement evidence-based practices to monitor and suppress coronavirus, and conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to a change in circumstance. The College was awarded approximately \$2,837,000. For the year ended May 31, 2022, the College recognized the total student portion of approximately \$1,419,000 as federal, state and local grants and contracts income and student aid expense. A total of approximately \$1,419,000 of the institutional portion of the grant was recognized as federal, state and local grants and contracts income for the year ended May 31, 2022. As restrictions were met in the same period, the grants were reported as changes in net assets without donor restrictions. All funding awarded to the College through ARP and previously awarded HEERF funds was fully received and expended as of May 31, 2022.

Functional Expenses

Certain operating and maintenance area expenses, primarily interest and depreciation expense, are allocated based on building square footage by functional area (i.e., instruction, academic support, student services, institutional support and auxiliary enterprises) as a percentage of total square footage of all buildings/area campus wide. In addition, expenses related to conferences and events are allocated based on the nature of the event related to the functional areas of the College.

Income Taxes

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

The College accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold at May 31, 2023 and 2022.

Title IV Requirements

The College participates in Government Student Financial Assistance Programs (Title IV) administered by the U.S. Department of Education (ED) for the payment of student tuitions. Substantial portions of the revenue and collection of ending accounts receivable as of May 31, 2023 and 2022 are dependent upon the College's continued participation in the Title IV programs.

Institutions participating in the Title IV programs are also required by ED to demonstrate financial responsibility. ED determines an institution's financial responsibility through the calculation of a composite score based upon certain financial ratios as defined in the regulations. Institutions receiving a composite score of 1.5 or greater are considered fully financially responsible. Institutions receiving a composite score between 1.0 and 1.4 are subject to additional monitoring, and institutions receiving a score below 1.0 are required to submit financial guarantees in order to continue participation in the Title IV programs. As of May 31, 2023 and 2022 and for the years then ended, the College's composite score exceeded 1.5.

New Accounting Standards Not Yet Adopted

During June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. Since 2016, the FASB issued several amendments to ASU No. 2016-13 providing clarification of the requirements and effective date. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022. The College does not expect ASU No. 2016-13 (as amended) to have a significant impact on its financial statements.

During March 2020, the FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU No. 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. Entities may elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2022. During December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*. These amendments defer the Sunset Date of Topic 848 from December 31, 2022 to December 31, 2024. The College does not expect ASU No. 2020-04 to have a significant impact on its financial statements.

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2. Accounts Receivable, Student

Student accounts receivable represent amounts due for tuition, fees and room and board from currently enrolled and former students. The College extends unsecured credit to students and parents of dependent students in connection with their studies.

Student accounts receivable consists of the following at May 31:

	<u>2023</u>	<u>2022</u>
Accounts receivable, student	\$ 1,241,509	\$ 1,028,074
Allowance for doubtful accounts	(455,177)	(414,754)
Total	<u>\$ 786,332</u>	<u>\$ 613,320</u>

3. Unconditional Promises to Give

Unconditional promises to give are recognized as revenue when the donor's commitment is received. Unconditional promises to give to be received after one year are recognized at the estimated present value of future cash flows, net of allowances (fair value). A significant percentage of the outstanding contributions receivable are from current or past Board members of the College.

Unconditional promises to give at May 31 are as follows:

	<u>2023</u>	<u>2022</u>
In one year or less	\$ 2,158,524	\$ 1,955,333
Between one year and five years	2,590,159	3,165,318
Thereafter	10,000	153,560
Less:		
Discount	(384,587)	(302,426)
Allowance for doubtful accounts	(218,705)	(248,589)
Total	<u>\$ 4,155,391</u>	<u>\$ 4,723,196</u>

The net present value of these cash flows was determined by using risk-adjusted discount rates between 0.08% and 6.38% to account for the time value of money for 2023 and 2022.

Management believes the College's allowance for doubtful accounts at May 31, 2023 and 2022 is adequate based upon information currently known. However, events impacting donors can occur in subsequent years that may cause a material change in the allowance for doubtful accounts.

Conditional pledges and bequest intentions totaling approximately \$98,427,000 in 2023 and \$97,244,000 in 2022 have been excluded from unconditional promises to give and are not recorded in the financial statements due to the fact that they are conditional. Restrictions on these conditional pledges and bequest intentions are as follows:

	<u>2023</u>	<u>2022</u>
Buildings	\$ 4,646,000	\$ 4,252,000
Budget relief	39,400,000	38,790,000
Programming	12,887,000	13,287,000
Unrestricted	36,332,000	35,813,000
Unknown	5,162,000	5,102,000
Total	<u>\$ 98,427,000</u>	<u>\$ 97,244,000</u>

4. Student Loans Receivable

Student loans receivable are carried at estimated net realizable value. Student loans receivable reflected on the statements of financial position includes approximately \$134,000 and \$193,000 of Perkins Loans and approximately \$328,000 and \$362,000 of College-provided loans, less an allowance for doubtful accounts of approximately \$17,000 and \$23,000 at May 31, 2023 and 2022, respectively. Loans receivable are carried at the original amount less an estimate made for doubtful collections based on a review of all outstanding amounts on a periodic basis. Management determines this allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Loans that are 30 days or more past due are assessed late fees. Interest and late fees are recorded when received. The credit quality of the student is not evaluated after the initial approval and calculation of the loans. Delinquent loans and the allowance for losses on loans receivable are reviewed by management, but are not material to the overall financial statements.

Student loans were made, in part, with funds advanced to the College by the federal government under the Perkins Loan program (the Program). In the event that the College no longer participates in the Program, the amounts are refundable to the federal government. The federal government's portion of these funds at May 31, 2023 and 2022 was approximately \$221,000 and \$286,000, respectively.

5. Fair Value Measurements, Investments and Other Financial Instruments

The College measures its funds held in trust by others and investments at fair value on a recurring basis in accordance with GAAP. 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. The framework that the authoritative guidance established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the College for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

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The following tables present the financial instruments measured at fair value as of May 31, 2023 and 2022 by caption on the statements of financial position by the valuation hierarchy defined above:

	2023			Total Fair Value
	Level 1	Level 2	Level 3	
Assets Reported at Fair Value:				
U.S. Treasury obligations	\$ -	\$ 3,156,546	\$ -	\$ 3,156,546
Corporate and foreign bonds	-	797,353	-	797,353
International fixed income funds	3,713,694	-	-	3,713,694
Taxable fixed income funds	9,892,855	-	-	9,892,855
Nontaxable fixed income funds	283,431	-	-	283,431
Equity securities	48,874,665	-	-	48,874,665
Domestic mutual funds	7,197,681	-	-	7,197,681
International mutual funds	16,075,918	-	-	16,075,918
Balanced funds	5,027,020	-	-	5,027,020
Total investments by valuation hierarchy	<u>\$ 91,065,264</u>	<u>\$ 3,953,899</u>		95,019,163
Alternative investments reported at net asset value				<u>16,285,112</u>
Total investments				111,304,275
Funds held in trust by others			<u>3,554,687</u>	<u>3,554,687</u>
Total assets			<u>\$ 3,554,687</u>	<u>\$ 114,858,962</u>

	2022			Total Fair Value
	Level 1	Level 2	Level 3	
Assets Reported at Fair Value:				
U.S. Treasury obligations	\$ -	\$ 2,869,002	\$ -	\$ 2,869,002
Corporate and foreign bonds	-	1,241,969	-	1,241,969
International fixed income funds	3,692,997	-	-	3,692,997
Taxable fixed income funds	10,106,998	-	-	10,106,998
Nontaxable fixed income funds	342,532	-	-	342,532
Equity securities	55,728,578	-	-	55,728,578
Domestic mutual funds	8,720,481	-	-	8,720,481
International mutual funds	15,371,929	-	-	15,371,929
Balanced funds	4,947,873	-	-	4,947,873
Total investments by valuation hierarchy	<u>\$ 98,911,388</u>	<u>\$ 4,110,971</u>	-	103,022,359
Alternative investments reported at net asset value				<u>14,229,083</u>
Total investments				117,251,442
Funds held in trust by others			<u>3,687,038</u>	<u>3,687,038</u>
Total assets			<u>\$ 3,687,038</u>	<u>\$ 120,938,480</u>

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Valuation Methodologies

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at May 31, 2023 and 2022.

Investments: The valuation methodology of utilizing closing prices in an active exchange market, which are considered Level 1 inputs, was applied to mutual funds, fixed income funds and equity securities. U.S. Treasury and Agency obligations and corporate, foreign and municipal bonds are valued based on quoted prices of similar assets, with similar terms, in actively traded markets and are measured using Level 2 inputs.

Alternative Investments: The College measures the fair value for these alternative investments based on the NAVs as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the Fund's measurement date, the NAVs are adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in the NAVs, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the College sold all or a portion of its alternative investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment. Investments measured at fair value using the NAV per share (or its equivalent) as practical and expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Funds held in trust by others: Funds held in trust by others are measured at fair value using the College's percentage of the earnings of the underlying trust assets applied to the fair value of the underlying assets. This is considered a Level 3 measurement because even though the measurement is based on the underlying fair value of the trust assets as reported by the trustee, the College will never receive those assets to have the ability to direct the trustee to redeem them.

The College may redeem shares in whole or in part per the investment's offering memorandum which typically requires up to a 90 days prior written notice as of the last business day of each quarter. There are various hold back provisions which lapse after audited financial statements are issued ranging from 5% to 10%.

The College has the following unfunded commitments:

	<u>2023</u>	<u>2022</u>
Praesidian Capital	\$ 292,394	\$ 292,394
Commonfund Capital Partners VII	687,000	1,005,000
RCP Fund XIV	1,135,748	1,847,083
RECAP Opportunity Fund IV	760,442	3,000,000
GCM Grosvenor Secondary Opportunities Fund III	3,084,837	3,416,784

The alternative investments represent investments that pursue multiple strategies to diversify risks and reduce volatility. The alternative investments pursue multiple strategies as follows:

- GCM Grosvenor Institutional Partners – GCM Grosvenor is a multi-strategy hedge fund-of-funds manager based in Chicago, Illinois. The \$4.3 billion fund invests with approximately 40 underlying managers in several strategies, including relative value, distressed debt, event driven and others. The investment team of 38 professionals builds the portfolio with the idea of creating an investment that is uncorrelated to traditional asset classes. The College has monies invested in this alternative investment for fiscal years 2023 and 2022.
- GCM Grosvenor Secondary Opportunities Fund III - GCM Grosvenor is headquartered in Chicago with offices located worldwide. Secondary Opportunities III, a \$970 million fund, was formed in June 2020, to seek to generate attractive returns by investing, either directly or indirectly, through secondary market purchases of interests and/or portfolios of interests in established private investment funds. The College has monies invested in this alternative investment for fiscal years 2023 and 2022 and has an unfunded commitment as disclosed above.
- Patriot Financial Partners II - Patriot is a Philadelphia based firm specializing in regional banks, both privately and publicly traded. The over \$300 million fund has invested in 24 portfolio companies to date. This fund attempts to identify small financial institutions that require capital for expansion or current operations. The fund's general partner will typically take a board seat to better identify opportunities for efficiencies or growth in an attempt to increase operating margins and price-to-book metrics for later sale, either in the public markets or as a takeover by another institution. The College has monies invested in this alternative investment for fiscal years 2023 and 2022.
- Praesidian Capital - Praesidian is a \$300 million private mezzanine debt fund. The firm is based out of New York, NY and focuses solely on private debt offerings to small-to-mid sized businesses in need of financing capital for either: growth and acquisition financing, management and sponsored buyouts or recapitalizations and refinancings. A typical loan will either have first lien and/or equity options as well as a high current coupon. The College has monies invested in this alternative investment for fiscal years 2023 and 2022 and has an unfunded commitment as disclosed above.
- RECAP Opportunity Fund III - RECAP is a New York, NY based manager of private real estate partnerships. The partnership has raised \$192 million in total commitments to acquire well-leased, well-located rental apartments with the goal of generating current returns to the investors with stable quarterly distributions. The fund is currently fully invested in eight operating rental apartment properties. The College has monies invested in this alternative investment for fiscal years 2023 and 2022.
- Commonfund Capital Partners VII - Commonfund is based out of Wilton, CT with a focus on generating long-term capital appreciation. The firm along with its partners invests in small and mid-size companies with a focus on Venture Capital, Private Equity, Global Private Equity and Natural Resources. The \$66 million fund has approximately 12% of funds committed. The College has monies invested in this alternative investment for fiscal years 2023 and 2022 and has an unfunded commitment as disclosed above.

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- LEM Multifamily Fund V - LEM is a Philadelphia based firm that invests in suburban Class B value-add multifamily properties in primary and secondary U.S. markets. This is their fifth fund and they have approximately \$330 million raised for investment. The College has monies invested in this alternative investment for fiscal years 2023 and 2022.
- RCP Fund XIV - Chicago based RCP works with buyout fund managers with funds between \$250 million and \$1 billion in committed capital. These fund managers seek to invest in lower middle sized companies - typically, with \$10 million to \$250 million in enterprise value. Investments are generally in existing businesses located in North America. RCP aims to diversify underlying investments across industry focus, fund size, geography, strategy and manager experience. The College has monies invested in this alternative investment for fiscal years 2023 and 2022 and has an unfunded commitment as disclosed above.

Funds Held in Trust by Others: The fair value is based on the College's interest in the earnings of the trust applied to the fair value of the underlying assets in the trust, which approximates the present value of the estimated cash flows expected from the trust in perpetuity.

Investment Return

The College's total investment return is comprised of the following components at May 31:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 2,721,901	\$ 2,305,554
Investment fees	(459,182)	(513,109)
Net realized (loss) gain on investments	<u>(203,017)</u>	<u>9,746,565</u>
Net investment income	2,059,702	11,539,010
Unrealized loss on investments	<u>(1,279,610)</u>	<u>(15,590,443)</u>
Net investment return	<u>\$ 780,092</u>	<u>\$ (4,051,433)</u>

The College's total investment return is reported in the statements of activities as follows at May 31:

	<u>2023</u>	<u>2022</u>
Operating activities:		
Investment income, net	\$ 2,262,719	\$ 1,792,445
Endowment return, designated for operations	7,476,441	11,947,788
Nonoperating activities:		
Endowment investment loss, net of amount designated for operations	<u>(8,959,068)</u>	<u>(17,791,666)</u>
Net investment return	<u>\$ 780,092</u>	<u>\$ (4,051,433)</u>

Juniata College

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6. Plant Assets

The composition of plant assets was as follows at May 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 3,008,978	\$ 3,808,978
Buildings	128,310,877	125,696,041
Equipment	25,587,145	24,145,448
Land improvements	3,246,141	3,006,175
Construction in progress	8,174,462	2,435,218
	<u>168,327,603</u>	<u>159,091,860</u>
Total		
Less accumulated depreciation	<u>(86,790,399)</u>	<u>(82,846,917)</u>
Total	<u>\$ 81,537,204</u>	<u>\$ 76,244,943</u>

The College provides for depreciation using the straight-line method based on useful lives, which, in the opinion of management, is adequate to allocate asset costs over their productive years. Depreciation expense was approximately \$4,025,000 in 2023 and \$4,026,000 in 2022.

In addition to these assets, the College's endowment owns investments in real estate as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 900,863	\$ 900,863
Rental properties	4,263,051	4,243,125
	<u>5,163,914</u>	<u>5,143,988</u>
Total		
Less accumulated depreciation	<u>(1,979,718)</u>	<u>(1,861,215)</u>
Total	<u>\$ 3,184,196</u>	<u>\$ 3,282,773</u>

Depreciation expense on these rental properties was approximately \$119,000 in 2023 and \$124,000 in 2022.

Nondepreciable assets, such as collections, totaled \$1,656,432 as of May 31, 2023 and 2022.

7. Cash Surrender Value of Life Insurance

The following table summarizes the activities for the years ended May 31:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 7,439,268	\$ 7,052,754
Changes in cash surrender values	603,304	386,514
	<u>8,042,572</u>	<u>7,439,268</u>
Ending balance		

The changes in the cash surrender value is reported on the statements of activities and statements of functional expenses as a reduction of the life insurance premium expense under management and general expenses.

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8. Bonds and Notes Payable

Bonds and notes payable at May 31 are comprised of the following:

	<u>2023</u>	<u>2022</u>
Revenue Bonds, Series 2016 OO2 (issued through Huntingdon County General Authority), due in varying annual installments beginning May 2033 through May 2046, fixed interest ranging from 3.0% to 5.0%. Collateralized by the gross revenues of the College.	\$ 33,305,000	\$ 33,305,000
Revenue Note Series 2016 U2 (issued through Huntingdon County General Authority), due in varying annual installments beginning May 2027 through May 2032, fixed interest at 2.6% through May 2023 and, for the remainder of the term, a variable interest rate equal to the LIBOR rate, or a comparable index, plus 170 basis points converted to a nonbank qualified tax-exempt rate. In April 2023, the interest rate converted to a one-month Secured Overnight Financing Rate (SOFR) plus 1.82% Collateralized by the gross revenues of the College.	7,690,000	7,690,000
Revenue Bonds, Series 2018 QQ1 (issued through Huntingdon County General Authority), due in varying annual installments beginning April 2025 through April 2039, interest rates ranging from 3% to 4%. Collateralized by the gross revenues of the College.	8,125,000	8,125,000
Revenue Bonds, Series 2021 TT3 (issued through Huntingdon County General Authority), due in varying annual installments beginning October 2025 through October 2051, fixed interest of 5%. Collateralized by the gross revenues of the College. The bond was issued to refinance the 2004 and 2016 U1 notes and fund future capital projects. As a result of the refinancing, the College recognized an economic loss of approximately \$232,000 during the year ended May 31, 2022 (difference between the present values of the old and new debt service payments less escrow funds used).	16,755,000	16,755,000
Unsecured note, for food service operation and equipment, interest rate at 4.00%, payable in monthly installments of \$11,395, due June 2028.	688,977	807,000
Unsecured note, for food service operation and equipment, interest rate at 4.00%, payable in monthly installments of \$9,345, due June 2028.	564,994	661,779
	<u>67,128,971</u>	<u>67,343,779</u>
Unamortized bond issuance costs	(638,596)	(666,317)
Unamortized bond premium	4,053,522	4,144,014
Total	<u>\$ 70,543,897</u>	<u>\$ 70,821,476</u>

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The aggregate future scheduled principal payments on bonds and notes payable at May 31, 2023 is as follows:

Years ending May 31:	
2024	\$ 223,560
2025	652,669
2026	1,477,150
2027	2,472,017
2028	2,562,286
Thereafter	59,741,289
Total	<u>\$ 67,128,971</u>

Interest expense was approximately \$2,122,000 in 2023 and \$2,110,000 in 2022. The College capitalizes interest incurred on the cost of property, plant and equipment constructed for its own use along with related loan fees and costs. Approximately \$534,000 and \$0 was capitalized during 2023 and 2022.

The College is required to meet certain financial covenants under the debt agreements.

9. Pension Plan

The College sponsors a defined contribution pension plan. Pension expense related to this plan was approximately \$1,706,000 in 2023 and \$1,633,000 in 2022.

10. Postretirement Benefits

The College provides postretirement benefits for early retirees. For medical and prescription drug coverage, the College's share of the premium is 2.5% for each year of service up to 50%. If a member was less than age 50 as of January 1, 1997, the member's years of service were frozen as of January 1, 1999. For individuals past age 65, the College continues to pay the same percentage of premium as pre-65 for a Medicare Supplement Plan provided by the College. In addition, the College pays \$30/month for retirees to select their own Medicare Part D Plan.

The postretirement benefit obligations relate to the following categories of participants at May 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Retirees	\$ 4,151,914	\$ 4,544,776
Actives fully eligible	657,944	1,141,761
Actives not fully eligible	45,141	47,254
Total	<u>\$ 4,854,999</u>	<u>\$ 5,733,791</u>

Net periodic postretirement benefit cost consists of the following at May 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Service cost	\$ 1,850	\$ 2,158
Interest cost	226,749	203,298
Amortization of net actuarial loss	5,679	213,749
Total	<u>\$ 234,278</u>	<u>\$ 419,205</u>
Actual cost (cash flow)	<u>\$ 409,141</u>	<u>\$ 411,895</u>

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The estimated future benefit payments over the next five fiscal years are as follows:

Years ending May 31:	
2024	\$ 425,048
2025	442,334
2026	422,826
2027	409,422
2028	379,799

There are no contributions in excess of expected benefits scheduled to be paid during the next five fiscal years.

The measurement dates used to determine the benefit obligation information were May 31, 2023 and 2022.

The following table sets forth the change in benefit obligation and the amounts recognized in the statements of financial position at May 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Change in accumulated postretirement benefit obligation:		
Benefit obligation, beginning of year	\$ 5,733,791	\$ 6,365,056
Service cost	1,850	2,158
Interest cost	226,749	203,298
Change due to change in experience	(171,931)	113,439
Change in actuarial assumptions	(526,319)	(538,265)
Benefits paid	(409,141)	(411,895)
	<u>\$ 4,854,999</u>	<u>\$ 5,733,791</u>
Accumulated postretirement benefit obligation, end of year		
	<u>\$ 4,854,999</u>	<u>\$ 5,733,791</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ -	\$ -
Fair value of plan assets, end of year	-	-
	<u>(4,854,999)</u>	<u>(5,733,791)</u>
Funded status		
	<u>\$ (4,854,999)</u>	<u>\$ (5,733,791)</u>
Accumulated postretirement benefit cost		
	<u>\$ (4,854,999)</u>	<u>\$ (5,733,791)</u>

In 2022, the decrease in the postretirement benefit obligation is due to an increase in the discount rate. In 2023, the decrease in the postretirement benefit obligation is due to increased investment returns compared to the prior year and an increase in the discount rate.

The discount rate used to determine the accumulated postretirement benefit obligation and the net periodic postretirement benefit cost was 5.00% and 4.25% in 2023 and 2022, respectively.

The assumed health care cost trend rates at May 31, 2023 and 2022 were as follows, based on the Society of Actuaries Long-Run Medical Cost Trend Model:

	<u>2023</u>	<u>2022</u>
Health care cost trend rate assumed for next year	7.00 %	6.00 %
Rate to which the cost trend rate is assumed to decline	4.10	3.90
Year that the rate reaches the ultimate trend rate	2075	2075

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Sensitivity to Health Care Cost Trend Rate

The following is a sensitivity analysis of the annual net periodic postretirement benefits cost and the accumulated postretirement benefits obligation to changes in the health care cost trend rate. The table below presents the annual net periodic postretirement benefits cost and the accumulated postretirement benefits obligation calculated using the health care cost trend rate of 7.00% as well as what the annual net periodic postretirement benefits cost and the accumulated postretirement benefits obligation would be if it were to be calculated using a health care cost trend rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	2023		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Annual net periodic postretirement benefits cost	\$ 216,435	\$ 234,278	\$ 255,036
Accumulated postretirement benefits obligation	4,483,198	4,854,999	5,284,237
	2022		
	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)
Annual net periodic postretirement benefits cost	\$ 401,278	\$ 419,205	\$ 440,377
Accumulated postretirement benefits obligation	5,257,216	5,733,791	6,290,366

The following were other significant assumptions used in the valuations as of May 31:

	2023	2022
Rates of Retirement	2% at ages 55-61; 35% at age 62; 25% at ages 63-64; 40% at ages 65-69; and 100% at age 70	2% at ages 55-61; 35% at age 62; 25% at ages 63-64; 40% at ages 65-69; and 100% at age 70
Mortality	Pre-2012 Total Mortality Table, incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.	Pre-2012 Total Mortality Table, incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Employer contributions which are equivalent to benefits paid under the Plan were approximately \$409,000 in 2023 and \$412,000 in 2022.

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11. Net Assets

Net assets without donor restrictions are available for the following purposes as of May 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Investment in plant	\$ 9,706,323	\$ 6,692,131
Board-designated for endowment funds	36,309,254	35,975,693
Undesignated	(8,201,287)	(2,840,026)
Total net assets without donor restrictions	<u>\$ 37,814,290</u>	<u>\$ 39,827,798</u>

Net assets with donor restrictions are related to, or restricted for, the following as of May 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Gifts available for capital purposes	\$ 7,283,350	\$ 9,303,647
Gifts available for scholarship and other academic purposes	13,002,168	13,208,883
Accumulated income and gains on donor endowment funds	15,208,372	17,436,953
Investments held in perpetuity by donor stipulations and Pennsylvania law, the income from which is generally available for scholarships	71,671,999	69,412,367
Funds held in trust by others	3,554,687	3,687,038
Loan funds held in perpetuity	1,489,144	1,472,099
Seed money	1,065,037	1,368,179
Gift annuity, pooled income and charitable trusts	3,935,186	4,208,699
Total net assets with donor restrictions	<u>\$ 117,209,943</u>	<u>\$ 120,097,865</u>

Net assets are released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by the donors. Net assets released from restrictions consisted of the following for the years ended May 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Appropriation from donor endowment	\$ 4,558,939	\$ 4,788,279
Satisfactions of program restrictions	9,094,695	4,161,669
Total net assets released from restrictions	<u>\$ 13,653,634</u>	<u>\$ 8,949,948</u>

Included in donor-restricted net assets as of May 31, 2023 and 2022 are approximately \$15,208,000 and \$17,437,000, respectively, of accumulated gains on investments of donor-restricted funds held in the endowment which have not been used in operations. Included in gifts available for scholarship and other academic purposes as of May 31, 2023 and 2022 is approximately \$1,003,000 and \$3,860,000, respectively, of the 2023 and 2022 endowment draw that was unspent and available for use in future years.

During the course of the year, net assets whose use by the College was subject to donor-imposed restrictions were fulfilled by actions of the College pursuant to those restrictions, the expiration of time or the designation of law. These assets are shown in the statements of activities as a release of net assets from donor restrictions.

The Board of the College has several standing board policies that affect the presentation of Board designations on net assets. Bequests without donor restrictions are designated for long-term investment (quasi-endowment). The quasi-endowment fund balance totaled approximately \$36,309,000 and \$35,976,000 at May 31, 2023 and 2022, respectively.

12. Endowment Funds

The College's endowment consists of approximately 600 donor-restricted funds established primarily for scholarships. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees, to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Investments restricted by the donor for endowment purposes are recorded as net assets with donor restrictions based on the original amount of the gift. Dividends, interest and gains on such endowed assets are reflected as an increase in net assets with or without donor restrictions based on the intention stipulated by the donor.

In the event the College's Board designates certain nondonor funds as Board-designated endowments, those respective funds are classified as without donor restrictions and the returns on those funds are used to support the general program expenses of the College.

The Board of Trustees of the College has interpreted Pennsylvania law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the Callan Associates Median Balanced Fund Database while assuming a moderate level of investment risk. The College expects its endowment funds, over time, to provide an average rate of return of approximately 7% net of fees annually. Actual returns in any given year may vary from this amount.

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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 capital appreciation (realized and unrealized) and current yield (interest and dividends). 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.

Commonwealth of Pennsylvania law permits the College to allocate to income each year a portion of endowment return. The law allows not-for-profit organizations to spend a percentage of the market value of their endowment funds, including realized and unrealized gains. The percentage, which by law must be between 2% and 7%, is elected annually by the Board of Trustees. The endowment market value is determined based on an average spanning three years.

As a result of the COVID-19 pandemic, the Commonwealth of Pennsylvania enacted Act 71 on July 23, 2020, which allowed the Board of Trustees to select a spend percentage of not more than 10% per year. This increased percentage only applied during calendar years 2020, 2021 and 2022, or for an entity's fiscal year that ended during those calendar years.

The College's policy for fiscal years 2023 and 2022 allowed for a payout no larger than 6% and 10%, respectively, of the average of the past 12 calendar quarters of the endowment's closing market values. In establishing this policy, the College considered the long-term expected return on its endowment.

Changes in endowment net assets for the fiscal years ended May 31:

	Board- Designated	Donor- Restricted	2023 Total
Endowment net assets, beginning of year	\$ 35,975,693	\$ 86,849,320	\$ 122,825,013
Investment return, net	(346,507)	505,732	159,225
Contributions	2,595,000	5,086,828	7,681,828
Appropriation of endowment assets for expenditure	(1,914,932)	(5,561,509)	(7,476,441)
Endowment net assets, end of year	<u>\$ 36,309,254</u>	<u>\$ 86,880,371</u>	<u>\$ 123,189,625</u>
	Board- Designated	Donor- Restricted	2022 Total
Endowment net assets, beginning of year	\$ 39,601,832	\$ 96,974,482	\$ 136,576,314
Investment loss, net	(1,101,156)	(2,810,577)	(3,911,733)
Contributions	775,000	1,333,220	2,108,220
Appropriation of endowment assets for expenditure	(3,299,983)	(8,647,805)	(11,947,788)
Endowment net assets, end of year	<u>\$ 35,975,693</u>	<u>\$ 86,849,320</u>	<u>\$ 122,825,013</u>

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From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law. At May 31, 2023 and 2022, there were 125 and 78 donor-restricted funds, respectively, with original gift values in excess of market value.

	Without Donor Restrictions	With Donor Restrictions		Total Funds May 31, 2023
		Original Gift	Accumulated Gain (Losses)	
Board-designated funds	\$ 36,309,254	\$ -	\$ -	\$ 36,309,254
Donor-restricted funds:				
Underwater funds	-	20,497,999	(1,781,691)	18,716,308
Other funds	-	51,174,000	16,990,063	68,164,063
Total	<u>\$ 36,309,254</u>	<u>\$ 71,671,999</u>	<u>\$ 15,208,372</u>	<u>\$ 123,189,625</u>

	Without Donor Restrictions	With Donor Restrictions		Total Funds May 31, 2022
		Original Gift	Accumulated Gain (Losses)	
Board-designated funds	\$ 35,975,693	\$ -	\$ -	\$ 35,975,693
Donor-restricted funds:				
Underwater funds	-	13,148,024	(1,260,656)	11,887,368
Other funds	-	56,264,343	18,697,609	74,961,952
Total	<u>\$ 35,975,693</u>	<u>\$ 69,412,367</u>	<u>\$ 17,436,953</u>	<u>\$ 122,825,013</u>

13. Commitments and Contingencies

The nature of the educational industry is such that, from time to time, claims will be presented against the College on account of alleged negligence, acts of discrimination, breach of contract or disagreements arising from the interpretation of laws and regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services. Management of the College believes that these claims and their resolution will not have a significant impact on the College's financial position.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The College's management believes disallowances, if any, will not have a significant impact on the College's financial position.

The College owns properties constructed prior to the passage of the Clean Air Act that contain encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe manner prior to demolition or renovation of the property. The College has not recognized the asset retirement obligation for asbestos removal in its financial statements because it currently has no plans to demolish or renovate these properties and as such, cannot reasonably estimate the fair value of the obligation. If plans change with respect to the use of any of the properties and sufficient information becomes available to estimate the liability it will be recognized at that time.

14. Line of Credit

The College obtained a \$5,000,000 secured revolving line of credit available from a bank in May 2020. Interest is paid monthly at one-month LIBOR plus 2.75% (7.81% and 5.12% at May 31, 2023 and 2022, respectively), collateralized by the gross revenues of the College. At May 31, 2023 and 2022, no amount was outstanding under this line of credit. In July 2023, the interest rate converted to a one-month SOFR plus 2.90%. The line of credit is on demand and does not contain a maturity date. The agreement is reviewed annually by the bank and the College.

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15. Contributed Nonfinancial Assets

For the years ended May 31, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2023</u>	<u>2022</u>
Plant assets	\$ -	\$ 800,000
Materials and supplies	35,067	14,762
Total	<u>\$ 35,067</u>	<u>\$ 814,762</u>

Unless otherwise noted, contributed nonfinancial assets do not have donor-imposed restrictions. The contributed plant assets represent land donated to the College. The land was valued based on a third-party appraisal. The College sold the land on June 30, 2022 for \$995,000. The proceeds from the sale of the land were restricted by the donor.

16. Liquidity and Availability of Resources

The following reflects the College's financial assets as of May 31, 2023 and 2022, reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations. Amounts available include the Board-approved appropriation from the endowment fund for the following year as well as donor-restricted amounts that are available for general expenditures in the following year.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 19,813,315	\$ 25,332,946
Accounts receivable and unconditional promises to give	9,376,071	6,428,951
Investments, real estate and cash surrender value of life insurance policies	122,531,043	127,973,483
Financial assets at year-end	151,720,429	159,735,380
Less those unavailable for general expenditures within one year, due to:		
Contribution and accounts receivable collectible beyond one year	(2,600,159)	(3,318,878)
Restricted cash	(11,068,412)	(13,996,738)
Gifts available for capital purposes	(7,283,350)	(9,303,647)
Gifts available for scholarship and other academic purposes	(13,002,168)	(13,208,883)
Board-designated endowments	(36,309,254)	(35,975,693)
Perpetual and term endowments and accumulated earnings	(86,880,371)	(86,849,320)
Add back appropriations scheduled for next year from:		
Perpetual and term endowments and accumulated earnings	5,102,141	5,387,720
Investments in Board-designated endowments	2,308,631	2,089,079
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,987,487</u>	<u>\$ 4,559,020</u>

The College has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity need, the College could draw upon its Board-designated investments of approximately \$36,309,000 and \$35,976,000 at May 31, 2023 and 2022, respectively. Additionally, the College has an available line of credit in the amount of \$5,000,000, at May 31, 2023 and 2022, which it could draw upon (Note 14).

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17. ED Financial Responsibility

ED regulations require the College provide additional disclosures, including a financial responsibility supplemental schedule, to assist the ED in measuring financial responsibility through the composite score of financial ratios. The financial responsibility supplemental schedule must contain all financial elements required to calculate the composite score ratios, with a cross-reference to the financial statement line or note that contains the element.

Note 6 provides information on the College's property, plant and equipment, net, but does not provide a breakout by the implementation date of June 1, 2019. The following table provides a breakdown of property, plant and equipment, net, at May 31, 2023 based on the June 1, 2019 implementation date.

Pre-implementation:	
Property, plant and equipment, net	<u>\$ 66,657,041</u>
Post-implementation:	
Right-of-use assets	581,965
Construction in progress, with outstanding debt for original purchase	<u>6,238,040</u>
Total property, plant and equipment and right-of-use assets with outstanding debt for original purchase	<u>6,820,005</u>
Property, plant and equipment, net without outstanding debt for original purchase	6,705,701
Construction in progress, without outstanding debt for original purchase	<u>1,936,422</u>
Total property, plant and equipment without outstanding debt for original purchase	<u>8,642,123</u>
Total property, plant and equipment, net, and right-of use assets at May 31, 2023	<u><u>\$ 82,119,169</u></u>

Note 8 provides information on the College's bonds and notes payable but does not provide a breakout by the implementation date of June 1, 2019. Pre-implementation long-term debt for long-term purposes totaled \$55,861,854 at May 31, 2023, which includes \$5,487,883 related to the bond refunding during 2022. Post-implementation long-term debt for long-term purposes totaled \$6,820,005 at May 31, 2023. This excludes \$5,029,077 of post-implementation debt that exceeds post implementation property, plant and equipment and, therefore, not included on the financial responsibility supplemental schedule.