Juniata College

Financial Statements

May 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, 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 28, 2022

Juniata College

Statements of Financial Position
May 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents, including $13,996,738 and $0 of restricted cash at May 31, 2022 and 2021, respectively	$ 25,332,946	$ 11,524,100
Accounts receivable:		
Student, net	613,320	584,577
Governmental agencies	845,495	422,724
Other	246,940	99,777
Unconditional promises to give, net	4,723,196	7,256,902
Inventory	359,680	322,687
Prepaid expenses	4,018,231	3,447,142
Investments	117,251,442	128,748,486
Real estate investments	3,282,773	3,406,393
Cash surrender value of life insurance	7,439,268	7,052,754
Student loans receivable	532,288	742,106
Funds held in trust by others	3,687,038	4,055,350
Collections	1,656,432	1,656,432
Right-of-use assets	223,656	461,323
Other assets, net	434,825	539,950
Plant assets, net	76,244,943	76,773,153
Total assets	$ 246,892,473	$ 247,093,856
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 815,226	$ 450,993
Accrued payroll and related liabilities	3,413,756	4,742,404
Student deposits and prepayments	247,954	325,553
Deferred summer tuition	856,587	743,348
Deferred grant revenue	167,871	310,719
Funds held in custody for others	241,868	366,104
Bonds and notes payable	70,821,476	56,778,013
Operating lease obligations	223,656	461,323
Postretirement benefits	5,733,791	6,365,056
Annuities payable	4,158,981	4,233,496
Advance from federal government for student loans	285,644	370,433
Total liabilities	86,966,810	75,147,442
Net Assets		
Without donor restrictions	39,827,798	43,264,426
With donor restrictions	120,097,865	128,681,988
Total net assets	159,925,663	171,946,414
Total liabilities and net assets	$ 246,892,473	$ 247,093,856

See notes to financial statements

Juniata College

Statement of Activities
Year Ended May 31, 2022 (With Comparative Totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Revenues				
Tuition and fees, net	$ 21,857,165	$ -	$ 21,857,165	$ 24,039,422
Federal, state and local grants and contracts	5,173,778	34,737	5,208,515	3,231,371
Private gifts, grants and bequests of cash and financial assets	1,897,721	3,413,018	5,310,739	6,677,600
Private gifts, grants and bequests of nonfinancial assets	14,762	800,000	814,762	8,121
Investment income, net	535,337	1,257,108	1,792,445	1,387,547
Endowment return, designated for operations	3,299,983	8,647,805	11,947,788	11,958,506
Other income (loss)	610,250	(37,686)	572,564	401,285
Auxiliary enterprises	14,120,239	-	14,120,239	12,784,543
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	56,459,183	5,165,034	61,624,217	60,488,395
Operating Expenses				
Educational and general:				
Program expenses:				
Instructional	16,842,454	-	16,842,454	18,245,841
Research and public service	1,584,865	-	1,584,865	1,547,560
Academic support	4,294,721	-	4,294,721	3,875,582
Student services	10,723,379	-	10,723,379	9,620,900
Student aid	1,420,072	-	1,420,072	643,800
Institutional support:				
Management and general	7,962,012	-	7,962,012	7,620,013
Development	1,336,896	-	1,336,896	1,465,752
Total educational and general	44,164,399	-	44,164,399	43,019,448
Auxiliary enterprises	10,722,733	-	10,722,733	7,911,279
Total operating expenses	54,887,132	-	54,887,132	50,930,727
Change in net assets from operating activities	1,572,051	5,165,034	6,737,085	9,557,668
Nonoperating Activities				
Endowment investment (loss) return, net of amount designated for operations	(4,769,887)	(13,021,779)	(17,791,666)	20,491,310
(Loss) gain on funds held in trust by others	-	(368,312)	(368,312)	228,346
Loss on bond refunding	(232,321)	-	(232,321)	-
Change in valuation of split-interest agreements	(6,471)	(359,066)	(365,537)	(419,485)
Change in net assets from nonoperating activities	(5,008,679)	(13,749,157)	(18,757,836)	20,300,171
Change in net assets	(3,436,628)	(8,584,123)	(12,020,751)	29,857,839
Net Assets, Beginning	43,264,426	128,681,988	171,946,414	142,088,575
Net Assets, Ending	$ 39,827,798	$ 120,097,865	$ 159,925,663	$ 171,946,414

See notes to financial statements

Juniata College

Statement of Activities
Year Ended May 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Tuition and fees, net	$ 24,039,422	$ -	$ 24,039,422
Federal, state and local grants and contracts	3,221,747	9,624	3,231,371
Private gifts, grants and bequests of cash and financial assets	1,704,921	4,972,679	6,677,600
Private gifts, grants and bequests of nonfinancial assets	8,121	-	8,121
Investment income, net	310,555	1,076,992	1,387,547
Endowment return, designated for operations	4,520,651	7,437,855	11,958,506
Other income	310,422	90,863	401,285
Auxiliary enterprises	12,784,543	-	12,784,543
Reclassification due to change in donor intent	4,242,440	(4,242,440)	-
Net assets released from restrictions:			
Satisfaction of program restrictions	258,006	(258,006)	-
Appropriation from donor endowment	320,393	(320,393)	-
Total operating revenues	51,721,221	8,767,174	60,488,395
Operating Expenses			
Educational and general:			
Program expenses:			
Instructional	18,245,841	-	18,245,841
Research and public service	1,547,560	-	1,547,560
Academic support	3,875,582	-	3,875,582
Student services	9,620,900	-	9,620,900
Student aid	643,800	-	643,800
Institutional support:			
Management and general	7,620,013	-	7,620,013
Development	1,465,752	-	1,465,752
Total educational and general	43,019,448	-	43,019,448
Auxiliary enterprises	7,911,279	-	7,911,279
Total operating expenses	50,930,727	-	50,930,727
Change in net assets from operating activities	790,494	8,767,174	9,557,668
Nonoperating Activities			
Endowment investment income, net of amount designated for operations	4,377,063	16,114,247	20,491,310
Gain on funds held in trust by others	-	228,346	228,346
Change in valuation of split-interest agreements	120,319	(539,804)	(419,485)
Change in net assets from nonoperating activities	4,497,382	15,802,789	20,300,171
Change in net assets	5,287,876	24,569,963	29,857,839
Net Assets, Beginning	37,976,550	104,112,025	142,088,575
Net Assets, Ending	$ 43,264,426	$ 128,681,988	$ 171,946,414

See notes to financial statements

Juniata College

Statement of Functional Expenses
Year Ended May 31, 2022

	Program Expenses					Institutional Support			Facilities,	
	Instructional	Research and Public Service	Academic Support	Student Services	Student Aid	Management and General	Development	Auxiliary Enterprises	Operations and Maintenance	Total
Operating Expenses										
Compensation:										
Salaries and wages	$ 8,661,256	$ 547,044	$ 1,485,506	$ 3,846,182	$ -	$ 2,988,988	$ 767,702	$ 820,887	$ 932,827	$ 20,050,392
Benefits	3,614,931	136,383	642,383	1,712,542	-	689,259	298,141	269,316	649,992	8,012,947
Depreciation and amortization	1,083,387	223,885	260,244	839,648	-	450,415	-	1,036,142	255,531	4,149,252
Auxiliary cost of sales	-	-	-	-	-	-	-	4,613,596	-	4,613,596
Other	25,710	83,454	96,888	223,254	-	222,860	19,715	-	31,163	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	20,354	41,018	2,920,997
Professional services	182,528	216,751	525,207	846,326	-	1,920,247	47,199	99,097	114,005	3,951,360
Interest on indebtedness	1,139,597	-	-	290,961	-	-	-	630,415	363,701	2,424,674
Utilities	-	20,777	-	-	-	-	-	578,300	812,141	1,411,218
Travel	286,598	77,766	178,967	721,766	-	125,959	38,447	-	206	1,429,709
Bad debt expense	-	-	18,500	-	-	198,488	-	999,514	-	1,216,502
Equipment repair and maintenance	92,016	115,205	47,267	53,866	-	275,128	25,241	257,875	548,107	1,414,705
Student employees	136,633	80,900	93,001	466,084	-	173,396	6,405	-	6,724	963,143
Programming	34,632	9,866	17,657	21,402	-	97,250	24,714	-	-	205,521
	15,657,828	1,624,646	3,881,625	10,154,267	1,420,072	7,730,887	1,336,896	9,325,496	3,755,415	54,887,132
Allocation of facilities, operations and maintenance	1,184,626	(39,781)	413,096	569,112	-	231,125	-	1,397,237	(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	$ 10,722,733	$ -	$ 54,887,132

See notes to financial statements

Juniata College

Statement of Functional Expenses
Year Ended May 31, 2021

	Program Expenses					Institutional Support			Facilities,	
	Instructional	Research and Public Service	Academic Support	Student Services	Student Aid	Management and General	Development	Auxiliary Enterprises	Operations and Maintenance	Total
Operating Expenses										
Compensation:										
Salaries and wages	$ 9,870,252	$ 655,218	$ 1,555,215	$ 3,833,394	$ -	$ 2,444,890	$ 810,693	$ 762,746	$ 866,195	$ 20,798,603
Benefits	4,121,364	192,915	703,005	1,665,282	-	1,194,910	345,086	286,081	679,338	9,187,981
Depreciation and amortization	1,108,303	222,892	261,200	836,931	-	434,843	-	1,035,954	264,666	4,164,789
Auxiliary cost of sales	-	-	-	-	-	-	-	3,919,159	-	3,919,159
Other	-	32,419	131,557	640,653	-	130,707	48,452	222,023	508,063	1,713,874
Student emergency assistance fund (HEERF)	-	-	-	-	643,800	-	-	-	-	643,800
Software, office and instructional supplies	312,527	53,134	512,658	566,567	-	683,276	68,727	15,776	34,636	2,247,301
Professional services	63,665	84,528	245,294	432,457	-	1,566,876	12,826	-	9,722	2,415,368
Interest on indebtedness	918,492	-	-	250,731	-	-	-	543,251	373,414	2,085,888
Utilities	-	18,756	-	-	-	-	-	522,031	709,587	1,250,374
Travel	109,626	3,581	78,863	118,787	-	39,656	7,313	-	35	357,861
Equipment repair and maintenance	142,895	73,791	34,069	69,272	-	779,342	17,538	79,363	250,931	1,447,201
Student employees	79,610	45,668	60,554	431,044	-	-	5,861	-	1,477	624,214
Programming	18,301	-	25,031	12,455	-	13,869	4,658	-	-	74,314
	16,745,035	1,382,902	3,607,446	8,857,573	643,800	7,288,369	1,321,154	7,386,384	3,698,064	50,930,727
Allocation of facilities, operations and maintenance	1,500,806	164,658	268,136	763,327	-	331,644	144,598	524,895	(3,698,064)	-
Total operating expenses	$ 18,245,841	$ 1,547,560	$ 3,875,582	$ 9,620,900	$ 643,800	$ 7,620,013	$ 1,465,752	$ 7,911,279	$ -	$ 50,930,727

See notes to financial statements

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ (12,020,751)	$ 29,857,839
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	4,149,252	4,164,789
Realized and unrealized loss (gain) on investments	5,843,878	(32,449,816)
Amortization of debt issuance costs	34,146	32,068
Loss (gain) on funds held in trust by others	368,312	(228,346)
Loss on bond refunding	232,321	-
In-kind private gifts of plant assets	(800,000)	-
Private gifts restricted for long-term investment	(1,039,177)	(2,527,983)
Private gifts restricted for purchase of property and equipment	(2,577,583)	(810,607)
Write offs of unconditional promises to give	1,216,501	-
Changes in assets and liabilities:		
Accounts receivable	(598,677)	579,755
Unconditional promises to give	1,486,899	(372,736)
Inventory	(36,993)	(9,939)
Prepaid expenses	(571,089)	(1,054,300)
Accounts payable	364,233	(2,422,851)
Accrued payroll and related liabilities	(1,328,648)	1,025,186
Deferred revenue	(29,609)	(493,359)
Funds held in custody for others	(124,236)	102,688
Student deposits and prepayments	(77,599)	(85,160)
Postretirement benefits	(631,265)	(293,114)
Net cash used in operating activities	(6,140,085)	(4,985,886)
Cash Flows From Investing Activities		
Proceeds from sales of investments	17,138,049	38,774,189
Purchases of investments	(11,484,883)	(28,955,901)
Change in cash surrender value of life insurance	(386,514)	(806,693)
Purchases of plant assets	(2,592,297)	(418,509)
Student loans collected	209,818	183,405
Net cash provided by investing activities	2,884,173	8,776,491
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	(5,969,114)	(1,272,989)
Proceeds from contributions restricted for long-term investments	1,004,097	2,642,366
Proceeds from contributions restricted for purchase of property and equipment	2,442,969	904,779
Repayments to federal government for student loans	(84,789)	(107,416)
Proceeds from annuity obligations	50,000	233,337
Payments of annuity obligations	(124,515)	(362,691)
Net cash provided by financing activities	17,064,758	2,037,386
Net change in cash and cash equivalents	13,808,846	5,827,991
Cash and Cash Equivalents, Beginning	11,524,100	5,696,109
Cash and Cash Equivalents and Restricted Cash, Ending	$ 25,332,946	$ 11,524,100
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 2,558,184	$ 2,085,888
Supplemental Disclosure of Noncash Operating, Investing and Financing Activities		
Right-of-use assets recognized	$ -	$ 461,323
Operating lease obligations recognized	$ -	$ 461,323

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 from its net assets with and without donor restrictions 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, 2022 and 2021, the College provided student financial aid from internal resources of approximately $33,306,000 and $34,849,000, respectively, which represented 54% and 55% of gross tuition and fees revenue each year, respectively. During the years ended May 31, 2022 and 2021, the College provided student financial aid from monies contributed to the College by alumni and friends of approximately $6,823,000 and $3,903,000, respectively.

The College evaluated subsequent events for recognition or disclosure through October 28, 2022, 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 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, 2022 and 2021, investment-related fees amounted to $513,109 and $509,712, 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 ten years. For the years ended May 31, 2022 and 2021, the College incurred amortization expense of $105,126.

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); capital leases (lease term). 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 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, 2022, 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.

Deferred summer tuition for billed services not yet performed totaled $856,587 and $743,348 at May 31, 2022 and 2021, respectively, and consists primarily of amounts related to summer sessions. The deferred summer tuition at May 31, 2022 will be recognized as revenue in fiscal 2023 as academic services are provided. The deferred summer tuition at May 31, 2021 was recognized in full as revenue in 2022.

Student deposits and prepayments totaled $247,954 and $325,553 at May 31, 2022 and 2021, 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:

	2022	2021
Tuition and fees	$ 61,986,229	$ 62,790,828
Less scholarship allowances	(40,129,064)	(38,751,406)
Tuition and fees, net	$ 21,857,165	$ 24,039,422

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 $388,000 in 2022 and $182,000 in 2021.

Fundraising Costs

Fundraising costs are expensed as incurred and amounted to approximately $1,337,000 in 2022 and $1,306,000 in 2021 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.

Cash Flows

For the purposes of the statements of cash flows, 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.

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:

	2022	2021
Board members	$ 1,707,810	$ 1,838,662
Management	15,918	39,228
Other employees	28,300	61,157
Total	$ 1,752,028	$ 1,939,047

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

	2022	2021
Board members	$ 3,313,235	$ 5,688,589
Management	33,110	40,550
Other employees	58,104	64,909
Total	$ 3,404,449	$ 5,794,048

Coronavirus Disease (COVID-19) and Emergency Relief Funding

As a response to COVID-19, the U.S. government approved three relief packages between April 2020 and March 2021. Congress set aside approximately $76.6 billion between the Coronavirus Aid, Relief and Economic Security Act (CARES Act), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan (ARP) to be allotted to the Educational Stabilization Fund through the Higher Education Emergency Relief Fund (HEERF).

Under CARES, the College received one grant comprised of two parts. Under the legislation, no less than 50% of the full grant was to be used for direct emergency aid to students. The remaining portion of the full grant was to be used by institutions to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Institutions were given one calendar year from the date of award in their HEERF Grant Award Notification to complete the performance of their HEERF grant. Institutions may recognize the institutional portion of the grant to the extent the grant was expended on student emergency aid. The College received approximately $1,082,000 of funding under CARES and recognized $0 and approximately $104,000 of the student emergency aid as federal, state and local grants and contracts income and student aid expense for the years ended May 31, 2022 and 2021, respectively. The institutional portion of the grant totaling $0 and approximately $104,000 was expended and recognized as federal, state and local grants and contracts income and auxiliary enterprises for the years ended May 31, 2022 and 2021, respectively. The institutional portion of the grant was used to offset auxiliary refunds the College issued to students as a result of the campus closure beginning in March 2020. As restrictions were met in the same period, the grants were reported as changes in net assets without donor restrictions

Under CRRSAA, institutions received one grant comprised of two parts. Institutions were required to spend an equal amount on student emergency aid as they spent under CARES. The remaining portion was to be used to defray expenses associated with coronavirus. Institutions were given one calendar year from the date of award in their Grant Award Notification to complete the performance of their grant. Institutions may recognize the institutional portion of the grant proportionate to the amount expended on student emergency aid. The College received approximately $1,605,000 of funding under CRRSAA and recognized $0 and approximately $541,000 of the student emergency aid as federal, state and local grants and contracts income and student aid expense for the years ended May 31, 2022 and 2021, respectively. A total of $0 and approximately $1,064,000 of the institutional portion of the grant was recognized as federal, state and local grants and contracts income for the years ended May 31, 2022 and 2021, respectively. The institutional portion of the grant was used to offset auxiliary refunds the College issued to students as a result of the campus closure beginning in March 2020 as well as housing, meal and fee credits issued in fiscal 2021. As restrictions were met in the same period, the grants were reported as changes in net assets without donor restrictions.

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 applications 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 and $0 of the institutional portion of the grant was recognized as federal, state and local grants and contracts income for the years ended May 31, 2022 and 2021, respectively. As restrictions were met in the same period, the grants were reported as changes in net assets without donor restrictions.

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, 2022 and 2021.

The College's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

Title IV Requirements

The College participates in Government Student Financial Assistance Programs (Title IV) administered by the U.S. Department of Education (DOE) for the payment of student tuitions. Substantial portions of the revenue and collection of ending accounts receivable as of May 31, 2022 and 2021 are dependent upon the College's continued participation in the Title IV programs.

Institutions participating in the Title IV programs are also required by DOE to demonstrate financial responsibility. DOE 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, 2022 and 2021 and for the years then ended, the College's composite score exceeded 1.5.

New Accounting Standards Adopted

During August 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-14, *Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*. ASU No. 2018-14 modifies and clarifies the required disclosures for employers that sponsor defined benefit pension or other postretirement plans. These amendments remove disclosures that are no longer considered cost beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. ASU No. 2018-14 is effective for fiscal years ending after December 15, 2021. The College adopted ASU No. 2018-14 during the year ended May 31, 2022, and the adoption did not have a significant effect on its financial statements

During 2022, the College adopted FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The College has adjusted the presentation of these financial statements accordingly. ASU No. 2020-07 has been applied retrospectively to all periods presented and the adoption required additional disclosures at Note 16.

New Accounting Standards Not Yet Adopted

During June 2016, the FASB issued 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 is currently assessing the effect that ASU No. 2016-13 (as amended) will have 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 my elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2022. The College does not expect ASU No. 2020-04 to have a significant effect on its financial statements.

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:

	2022	2021
Accounts receivable, student	$ 1,028,074	$ 961,260
Allowance for doubtful accounts	(414,754)	(376,683)
Total	$ 613,320	$ 584,577

3. Unconditional Promises to Give

Unconditional promises to give are recognized as revenue when the donor's commitment is received. Unconditional promises 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:

	2022	2021
In one year or less	$ 1,955,333	$ 2,600,742
Between one year and five years	3,165,318	4,844,919
Thereafter	153,560	604,163
Less:		
Discount	(302,426)	(410,980)
Allowance for doubtful accounts	(248,589)	(381,942)
Total	$ 4,723,196	$ 7,256,902

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 2022 and 2021.

Management believes the College's allowance for doubtful accounts at May 31, 2022 and 2021 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 $97,244,000 in 2022 and $93,000,000 in 2021 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:

	2022	2021
Buildings	$ 4,252,000	$ 4,534,000
Budget relief	38,790,000	30,540,000
Programming	13,287,000	16,802,000
Unrestricted	35,813,000	36,022,000
Unknown	5,102,000	5,102,000
Total	$ 97,244,000	$ 93,000,000

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 $192,633 and $337,875 of Perkins Loans and $362,356 and $425,781 of College-provided loans, less an allowance for doubtful accounts of $22,701 and $21,550 at May 31, 2022 and 2021, 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, 2022 and 2021 was $285,644 and $370,433, 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.

The following tables present the financial instruments measured at fair value as of May 31, 2022 and 2021 by caption on the statements of financial position by the valuation hierarchy defined above:

	2022			
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**
Assets Reported at Fair Value:				
U.S. Treasury obligations	$ -	$ 14,516,434	$ -	$ 14,516,434
Corporate and foreign bonds	-	1,241,969	-	1,241,969
International fixed income funds	3,708,499	-	-	3,708,499
Taxable fixed income funds	10,249,632	-	-	10,249,632
Nontaxable fixed income funds	1,619,510	-	-	1,619,510
Equity securities	53,387,335	-	-	53,387,335
Domestic mutual funds	32,781	-	-	32,781
International mutual funds	17,707,814	-	-	17,707,814
Absolute return funds	558,385	-	-	558,385
Total investments by valuation hierarchy	$ 85,644,446	$ 17,377,913	-	103,022,359
Alternative investments reported at net asset value				14,229,083
Total investments				117,251,442
Funds held in trust by others			3,687,038	3,687,038
Total assets			$ 3,687,038	$ 120,938,480

	2021			
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**
Assets Reported at Fair Value:				
U.S. Treasury obligations	$ -	$ 2,965,966	$ -	$ 2,965,966
International fixed income funds	463,172	-	-	463,172
Taxable fixed income funds	11,742,425	-	-	11,742,425
Nontaxable fixed income funds	63,463	-	-	63,463
Equity securities	59,332,933	-	-	59,332,933
Real assets	169,813	-	-	169,813
Domestic mutual funds	16,714,153	-	-	16,714,153
International mutual funds	17,872,250	-	-	17,872,250
Absolute return funds	9,255,735	-	-	9,255,735
Total investments by valuation hierarchy	$ 115,550,481	$ 3,029,429	-	118,579,910
Alternative investments reported at net asset value				10,168,576
Total investments				128,748,486
Funds held in trust by others			4,055,350	4,055,350
Total assets			$ 4,055,350	$ 132,803,836

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, 2022 and 2021.

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:

	2022	2021
Praesidian Capital	$ 292,394	$ 60,000
RECAP Opportunity Fund III	-	605,104
LEM Multifamily Fund V	-	900,000
Commonfund Capital Partners VII	1,005,000	1,680,000
RCP Fund XIV	1,847,083	2,670,000
RECAP Opportunity Fund IV	3,000,000	-
Grosvenor Secondary Opportunities Fund III	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:

- Grosvenor Institutional Partners - Grosvenor is a multi-strategy hedge fund-of-funds manager based in Chicago, Illinois. Grosvenor 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 2022 and 2021.

- Grosvenor Secondary Opportunities Fund III - GCM Grosvenor is headquartered in Chicago with offices located worldwide. Secondary Opportunities III 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 year 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 mm 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 2022 and 2021.

- Praesidian Capital - Praesidian is a 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 2022 and 2021 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 mm 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 2022 and 2021 and has an unfunded commitment as disclosed above.

- 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 mm fund has approximately 12% of funds committed. The College has monies invested in this alternative investment for fiscal years 2022 and 2021 and has an unfunded commitment as disclosed above.

- 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 roughly $330 mm raised for investment. The College has monies invested in this alternative investment for fiscal years 2022 and 2021 and has an unfunded commitment as disclosed above.

- 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 2022 and 2021 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:

	2022	2021
Interest and dividend income	$ 2,305,554	$ 1,897,259
Investment fees	(513,109)	(509,712)
Net realized gain on investments	9,746,565	11,134,279
Net investment income	11,539,010	12,521,826
Unrealized (loss) gain on investments	(15,590,443)	21,315,537
Net investment return	$ (4,051,433)	$ 33,837,363

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

	2022	2021
Operating activities:		
Investment income, net	$ 1,792,445	$ 1,387,547
Endowment return, designated for operations	11,947,788	11,958,506
Nonoperating activities:		
Endowment investment (loss) gain, net of amount designated for operations	(17,791,666)	20,491,310
Net investment return	$ (4,051,433)	$ 33,837,363

6. Plant Assets

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

	2022	2021
Land	$ 3,808,978	$ 3,008,978
Buildings	125,696,041	125,632,566
Equipment	24,145,448	23,264,981
Land improvements	3,006,175	3,006,175
Construction in progress	2,435,218	681,614
Total	159,091,860	155,594,314
Less accumulated depreciation	(82,846,917)	(78,821,161)
Total	$ 76,244,943	$ 76,773,153

The College provides for depreciation using the straight-line method based on lives, which, in the opinion of management, is adequate to allocate asset costs over their productive years. Depreciation expense was approximately $4,026,000 in 2022 and $3,911,000 in 2021.

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

	2022	2021
Land	$ 900,863	$ 900,863
Rental properties	4,243,125	4,243,125
Total	5,143,988	5,143,988
Less accumulated depreciation	(1,861,215)	(1,737,595)
Total	$ 3,282,773	$ 3,406,393

Depreciation expense on these rental properties was approximately $124,000 in 2022 and $123,000 in 2021.

Nondepreciable assets, such as collections, totaled $1,656,432 as of May 31, 2022 and 2021.

7. Cash Surrender Value of Life Insurance

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

	2022	2021
Beginning balance	$ 7,052,754	$ 6,246,061
Changes in cash surrender values	386,514	806,693
Ending balance	$ 7,439,268	$ 7,052,754

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.

8. Bonds and Notes Payable

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

	2022	2021
Revenue Note, Series 2004 (issued through Huntingdon County General Authority), due in varying annual installments through May 2024, fixed interest at 2.65%. Collateralized by the gross revenues of the College. This note was refinanced as a part of the 2021 bond issue.	$ -	$ 2,326,000
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 U1 (issued through Huntingdon County General Authority), due in varying annual installments beginning May 2017 through May 2029, at fixed interest at 2.46% 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 bank qualified tax-exempt rate. The variable rate is determined by the lender monthly. Collateralized by the gross revenues of the College. This note was refinanced as a part of the 2021 bond issue.	-	3,161,883
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. The variable rate is determined by the lender monthly. 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 (difference between the present values of the old and new debt service payments less escrow funds used).	16,755,000	-

	2022	2021
Unsecured note, for food service operation and equipment, interest rate at 4.00%, payable in monthly installments of $11,395, due June 2028.	$ 807,000	$ 920,403
Unsecured note, for food service operation and equipment, interest rate at 4.00%, payable in monthly installments of $9,345, due June 2028.	661,779	754,774
	67,343,779	56,283,060
Deferred financing costs	(666,317)	(507,287)
Unamortized bond premium	4,144,014	1,002,240
Total	$ 70,821,476	$ 56,778,013

The aggregate future scheduled principal payments on bonds and notes payable at May 31, 2022 is as follows:

Years ending May 31:	
2023	$ 214,807
2024	223,560
2025	652,669
2026	1,477,150
2027	2,472,017
Thereafter	62,303,576
Total	$ 67,343,779

Interest expense was approximately $2,110,000 in 2022 and $2,086,000 in 2021. 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. No interest was capitalized during 2022 and 2021.

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 $1,633,000 in 2022 and $762,000 in 2021. The College suspended the employer share of contributions for the period from June 1, 2020 through December 31, 2020 due to financial uncertainty caused by the COVID-19 pandemic.

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. For grandfathered retirees, the College pays the full premium of the Medicare Supplement Plan and the Medicare Part D Plan. For three retirees and the spouse of another, the College pays the full premium of the Medicare Supplement Plan.

The postretirement benefit obligations relate to the following categories of participants at May 31, 2022 and 2021:

	2022	2021
Retirees	$ 4,544,776	$ 4,664,404
Actives fully eligible	1,141,761	1,611,047
Actives not fully eligible	47,254	89,605
Total	$ 5,733,791	$ 6,365,056

Net periodic postretirement benefit cost consists of the following at May 31, 2022 and 2021:

	2022	2021
Service cost	$ 2,158	$ 2,818
Interest cost	203,298	182,044
Amortization of net actuarial loss	213,749	325,516
Total	$ 419,205	$ 510,378
Actual cost (cash flow)	$ 411,895	$ 371,601

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

Years ending May 31:	
2023	$ 419,343
2024	436,115
2025	446,891
2026	424,981
2027	413,797

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, 2022 and 2021.

The following table sets forth the change in benefit obligation and the amounts recognized in the statements of financial position at May 31, 2022 and 2021:

	2022	2021
Change in accumulated postretirement benefit obligation:		
Benefit obligation, beginning of year	$ 6,365,056	$ 6,658,170
Service cost	2,158	2,818
Interest cost	203,298	182,044
Change due to change in experience	113,439	162,871
Change in actuarial assumptions	(538,265)	(269,246)
Benefits paid	(411,895)	(371,601)
Accumulated postretirement benefit obligation, end of year	$ 5,733,791	$ 6,365,056
Change in plan assets:		
Fair value of plan assets, beginning of year	$ -	$ -
Fair value of plan assets, end of year	-	-
Funded status	(5,733,791)	(6,365,056)
Accumulated postretirement benefit cost	$ (5,733,791)	$ (6,365,056)

In 2021, the decrease in the postretirement benefit obligation is due to increased investment returns compared to the prior year. In 2022, the decrease in the postretirement benefit obligation is due to 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 4.25% and 3.25% in 2022 and 2021, respectively.

The assumed health care cost trend rates at May 31, 2022 and 2021 were as follows, based on the Society of Actuaries Long-Run Medical Cost Trend Model:

	2022	2021
Health care cost trend rate assumed for next year	6.00 %	5.50 %
Rate to which the cost trend rate is assumed to decline	3.90	3.50
Year that the rate reaches the ultimate trend rate	2075	2075

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 5.50% 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 (4.50%) or 1 percentage point higher (6.50%) than the current rate:

	2022		
	1% Decrease (4.50%)	Current Rate (5.50%)	1% Increase (6.50%)
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

	2021		
	1% Decrease (4.50%)	Current Rate (5.50%)	1% Increase (6.50%)
Annual net periodic postretirement benefits cost	$ 493,271	$ 510,378	$ 530,813
Accumulated postretirement benefits obligation	5,781,170	6,365,056	7,057,544

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

	2022	2021
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-2019 to reflect mortality improvement.

Employer contributions which are equivalent to benefits paid under the Plan were approximately $412,000 in 2022 and $372,000 in 2021.

11. Net Assets

Net assets without donor restrictions are available for the following purposes as of May 31, 2022 and 2021:

	2022	2021
Investment in plant	$ 6,692,131	$ 10,405,114
Board-designated for endowment funds	35,975,693	39,601,832
Undesignated	(2,840,026)	(6,742,520)
Total net assets without donor restrictions	$ 39,827,798	$ 43,264,426

Net assets with donor restrictions are related to, or restricted for, the following as of May 31, 2022 and 2021:

	2022	2021
Gifts available for capital purposes	$ 9,303,647	$ 6,982,978
Gifts available for scholarship and other academic purposes	13,208,883	12,904,800
Accumulated income and gains on donor endowment funds	17,436,953	28,690,335
Investments held in perpetuity by donor stipulations and Pennsylvania law, the income from which is generally available for scholarships	69,412,367	68,284,147
Funds held in trust by others	3,687,038	4,055,350
Loan funds held in perpetuity	1,472,099	1,419,240
Seed money	1,368,179	1,481,556
Gift annuity, pooled income and charitable trusts	4,208,699	4,863,582
Total net assets with donor restrictions	$ 120,097,865	$ 128,681,988

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, 2022 and 2021:

	2022	2021
Endowment spending policy	$ 4,788,279	$ 320,393
Scholarships, academics, grants and other	4,161,669	258,006
Total net assets released from restrictions	$ 8,949,948	$ 578,399

Included in donor-restricted net assets as of May 31, 2022 and 2021 are $17,436,953 and $28,690,335, 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, 2022 and 2021 is $3,859,527 and $6,897,132, respectively, of the 2022 and 2021 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 $35,975,693 and $39,601,832 at May 31, 2022 and 2021, respectively.

12. Endowment Funds

The College's endowment consists of 589 donor-restricted individual 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, 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.

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 allows the Board of Trustees to select a spend percentage of not more than 10% per year. This increased percentage only applies during calendar years 2020, 2021 and 2022, or for an entity's fiscal year that ends during those calendar years.

The College's policy for fiscal years 2021 and 2020 allowed for a payout no larger than 10% and 6%, 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	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	$ 35,975,693	$ 86,849,320	$ 122,825,013

	Board-Designated	Donor-Restricted	2021 Total
Endowment net assets, beginning of year	$ 30,681,118	$ 83,976,952	$ 114,658,070
Investment return, net	9,189,466	22,979,859	32,169,325
Reclassification due to change in donor intent	4,242,440	(4,242,440)	-
Contributions	9,459	1,697,966	1,707,425
Appropriation of endowment assets for expenditure	(4,520,651)	(7,437,855)	(11,958,506)
Endowment net assets, end of year	$ 39,601,832	$ 96,974,482	$ 136,576,314

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, 2022 and 2021, there were 78 and 26 donor-restricted funds, respectively, with original gift values in excess of market value.

	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	$ 35,975,693	$ 69,412,367	$ 17,436,953	$ 122,825,013

	Without Donor Restrictions	With Donor Restrictions		Total Funds May 31, 2021
		Original Gift	Accumulated Gain (Losses)	
Board-designated funds	$ 39,601,832	$ -	$ -	$ 39,601,832
Donor-restricted funds:				
Underwater funds	-	4,193,368	(433,704)	3,759,664
Other funds	-	64,090,779	29,124,039	93,214,818
Total	$ 39,601,832	$ 68,284,147	$ 28,690,335	$ 136,576,314

13. Government Grants and Student Aid

The government grants and student aid amounts reported do not include funds credited to students under various federal and state grant programs, including the Pennsylvania Higher Education Assistance Agency Program and the Pell Grants Program. These grants are similar to agency funds as the College acts only as custodian and disbursing agent. Had these amounts been included, revenues and expenses would have increased by approximately $2,914,000 in 2022 and $3,091,000 in 2021.

14. 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.

15. 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% (5.12% and 2.84% at May 31, 2022 and 2021, respectively), collateralized by the gross revenues of the College. At May 31, 2022 and 2021, no amount was outstanding under this line of credit. If it is determined that LIBOR is no longer an acceptable index, the interest rate will convert 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.

16. Contributed Nonfinancial Assets

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

	2022	2021
Plant assets	$ 800,000	$ -
Materials and supplies	14,762	8,121
Total	$ 814,762	$ 8,121

Unless otherwise noted, contributed nonfinancial assets do not have donor-imposed restrictions. The contributed plant assets represents land donated to the College. The land is 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 are restricted by the donor.

17. Liquidity and Availability of Resources

The following reflects the College's financial assets as of May 31, 2022 and 2021, 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.

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 25,332,946	$ 11,524,100
Accounts receivable and unconditional promises to give	6,428,951	8,363,980
Investments, real estate and cash surrender value of life insurance policies	127,973,483	139,207,633
Financial assets at year-end	159,735,380	159,095,713
Less those unavailable for general expenditure within one year, due to:		
Contribution and accounts receivable collectible beyond one year	(3,318,878)	(5,449,082)
Restricted cash	(13,996,738)	-
Gifts available for capital purposes	(9,303,647)	(6,982,978)
Gifts available for scholarship and other academic purposes	(13,208,883)	(12,904,800)
Board-designated endowments	(35,975,693)	(39,601,832)
Perpetual and term endowments and accumulated earnings	(86,849,320)	(96,974,482)
Add back appropriations scheduled for next year from:		
Perpetual and term endowments and accumulated earnings	5,387,720	5,287,443
Investments in Board-designated endowments	2,089,079	3,122,862
Financial assets available to meet cash needs for general expenditures within one year	$ 4,559,020	$ 5,592,844

The College has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due, including the $35,975,693 and $39,601,832 of Board-designated investments, which it could use. The College had $40,534,713 and $45,194,677 available for general expenditures and unanticipated liquidity needs as of May 31, 2022 and 2021, respectively. To help manage unanticipated liquidity needs, the College had an available line of credit in the amounts of $5,000,000, at May 31, 2022 and 2021, which it could draw upon (Note 15).