WASHINGTON COLLEGE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

WASHINGTON COLLEGE
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YEARS ENDED JUNE 30, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT

Board of Visitors and Governors
Washington College
Chestertown, Maryland

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

Board of Visitors and Governors
Washington College

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
December 12, 2024

WASHINGTON COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	$ 4,721,884	$ 12,045,357
Accounts Receivable, Net	1,676,441	2,587,033
Prepaid Expenses and Other Assets	1,114,002	1,524,459
Pledges Receivable, Net	16,525,291	6,229,825
Student Loans Receivable, Net	45,174	47,016
Investments:		
Investments - Operating	6,168,383	5,857,949
Investments of Endowed Funds	344,353,991	274,193,820
Assets Held in Annuity Trusts	869,606	831,410
Total Investments	351,391,980	280,883,179
Operating lease right of use asset	374,336	572,041
Financing lease right of use asset	14,723,510	14,359,349
Land, Buildings, and Equipment, Net	172,456,641	172,738,116
Total Assets	$ 563,029,259	$ 490,986,375
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 5,442,363	$ 4,473,226
Accrued Salaries and Wages	1,968,307	1,752,760
Deferred Revenues and Deposits	645,977	523,352
Funds Held for Others	661,656	816,957
Annuities Payable	359,755	387,319
Operating lease liability	379,572	575,635
Financing lease liability	16,115,139	13,833,413
Long-Term Debt, Net	60,093,261	63,449,802
Total Liabilities	85,666,030	85,812,464
NET ASSETS		
Without Donor Restrictions	98,932,210	119,080,074
With Donor Restrictions	378,431,019	286,093,837
Total Net Assets	477,363,229	405,173,911
Total Liabilities and Net Assets	$ 563,029,259	$ 490,986,375

See accompanying Notes to Financial Statements.

WASHINGTON COLLEGE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT						
Tuition and Fees, Net	$ 16,596,294	$ -	$ 16,596,294	$ 17,187,982	$ -	$ 17,187,982
U.S. Government Grants	180,927	618,609	799,536	183,096	490,210	673,306
State and Local Grants	4,310,543	1,653,238	5,963,781	2,848,074	3,020,978	5,869,052
Private Gifts	4,574,267	74,048,694	78,622,961	5,548,027	5,581,701	11,129,728
Endowment Return Used for Operations	5,599,568	12,290,113	17,889,681	1,464,946	17,690,208	19,155,154
Investment Income	51,281	31,084	82,365	159,959	22,723	182,682
Change in Value of Split-Interest Agreements	8,243	57,517	65,760	(567)	31,111	30,544
Sales, Auxiliary Enterprises	12,294,737	-	12,294,737	12,867,308	43,241	12,910,549
Other Sources	1,198,911	183,963	1,382,874	2,290,664	489,258	2,779,922
Total Operating Revenues and Gains	44,814,771	88,883,218	133,697,989	42,549,489	27,369,430	69,918,919
Net Assets Released from Restrictions	15,693,205	(15,693,205)	-	28,190,913	(28,190,913)	-
Total Operating Revenues, Gains, and Other Support	60,507,976	73,190,013	133,697,989	70,740,402	(821,483)	69,918,919
Operating Expenses:						
Instruction	25,496,965	-	25,496,965	24,622,788	-	24,622,788
Academic Support - Library	2,039,771	-	2,039,771	1,606,236	-	1,606,236
Academic Support - Other	1,917,541	-	1,917,541	1,336,598	-	1,336,598
Student Services	15,325,837	-	15,325,837	14,280,110	-	14,280,110
Institutional Support	19,060,933	-	19,060,933	13,281,146	-	13,281,146
Auxiliary Enterprises	12,443,315	-	12,443,315	10,725,567	-	10,725,567
General Administration	4,905,372	-	4,905,372	4,409,293	-	4,409,293
Total Operating Expenses	81,189,734	-	81,189,734	70,261,738	-	70,261,738
Change in Net Assets from Operating Activities	(20,681,758)	73,190,013	52,508,255	478,664	(821,483)	(342,819)
NONOPERATING ACTIVITIES						
Net Gain on Investments	955,378	36,402,157	37,357,535	1,488,364	19,344,532	20,832,896
Withdrawn for Endowment Payout	(991,220)	(16,898,461)	(17,889,681)	(1,464,946)	(17,690,208)	(19,155,154)
(Loss) Gain on Disposal of Fixed Assets	213,209	-	213,209	11,582	-	11,582
Net Assets Released from Restrictions - Capital	356,527	(356,527)	-	1,124,694	(1,124,694)	-
Total Nonoperating Activities	533,894	19,147,169	19,681,063	1,159,694	529,630	1,689,324
CHANGE IN NET ASSETS	(20,147,864)	92,337,182	72,189,318	1,638,358	(291,853)	1,346,505
Net Assets - Beginning of Year	119,080,074	286,093,837	405,173,911	117,441,716	286,385,690	403,827,406
NET ASSETS - END OF YEAR	$ 98,932,210	$ 378,431,019	$ 477,363,229	$ 119,080,074	$ 286,093,837	$ 405,173,911

See accompanying Notes to Financial Statements.

WASHINGTON COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 72,189,318	$ 1,346,505
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	8,962,490	8,688,267
Amortization of Bond Issuance Costs	55,941	55,941
Amortization of Bond Premium	(686,482)	(653,900)
Noncash Lease Expense	1,642	3,594
Amortization of Right of Use Asset	1,083,710	80,220
Bad Debt Expense	1,937,062	(6,797)
(Gain) loss on Retirement of Fixed Assets	(213,209)	(11,582)
Net Realized and Unrealized Gains on Investments	(32,503,045)	(20,832,896)
Change in Value of Split-Interest Agreements	(65,760)	(30,543)
Contributions Restricted for Long-Term Investment	(61,249,962)	(6,640,830)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	910,592	(1,148,667)
Prepaid Expenses and Other Assets	410,457	(218,302)
Pledges Receivable, Net	(12,232,528)	171,571
Accounts Payable, Accrued Expenses, and Accrued Salaries and Wages	1,184,684	2,745,401
Deferred Revenues and Deposits	122,625	(106,728)
Funds Held for Others	(155,301)	20,594
Net Cash Used by Operating Activities	(20,247,766)	(16,538,152)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(9,187,100)	(11,256,364)
Proceeds from Sale of Fixed Assets	719,294	11,582
Purchases of Investments	(103,699,309)	(72,836,729)
Proceeds from Sales of Investments	65,731,749	93,258,303
Repayments on Student Loans	1,842	1,590
Net Cash Provided (Used) by Investing Activities	(46,433,524)	9,178,382
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	61,249,962	6,640,830
Interest on Right of Use Debt	978,424	76,808
Payments on Long-Term Debt	(2,870,569)	(3,358,964)
Net Cash Provided by Financing Activities	59,357,817	3,358,674
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,323,473)	(4,001,096)
Cash and Cash Equivalents - Beginning of Year	12,045,357	16,046,453
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,721,884	$ 12,045,357
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 2,351,529	$ 2,400,246
Noncash Gifts	$ 98,673	$ 27,758
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING INFORMATION		
Acquisition of Financing Right of Use Asset	$ 1,447,871	$ 14,439,569

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF OPERATIONS

Washington College (the College) is a private, nonprofit College of Arts and Sciences chartered by the state of Maryland in 1782. The College is situated on the Chester River on Maryland's Eastern Shore. The College enrolls approximately 900 undergraduate students.

The College seeks to develop in its students the habits of analytic thought, aesthetic insight, imagination, ethical sensitivity, and clarity of expression. These qualities of the mind are the result of excellent teaching, of active inquiry, and of a wide range of experiences and social interactions in an intimate community of cultural, social, and political diversity. The College also strives to enrich the cultural and intellectual life of its regional community.

Each student explores a range of disciplines in the humanities, the social sciences, and the natural sciences and concentrates on a major academic program that culminates in a significant independent project. Unhurried conversation and personal associations complement instruction and study. Thus, the College affirms the importance of its residential tradition with its opportunities to engage in the arts and sciences, athletics, service, and social activities in the company of people of varied backgrounds, experience, and interests. The College also offers certification programs, graduate studies, and opportunities for lifelong learning.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies employed by the College are described below.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, the College resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – Include expendable resources that are used to carry out the College's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the College or may be limited by contractual agreement with outside parties.

Net Assets With Donor Restrictions – Include funds received from contributions and purchases of annuities that: a) restrict their use to a specific purpose and/or the passage of time; or b) require that they be maintained in perpetuity by the College; generally, the donor of these assets permits the College to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes. The income will remain in net assets with donor restrictions until appropriated for spend, governed by the College's spending policy.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions and are allocated into functional categories depending upon the ultimate purpose of the expenditure. Expirations of restrictions on net assets, where the donor-imposed purpose has been accomplished or the stipulated time period has elapsed, are reported as net assets released from restrictions. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

The College defines cash equivalents as highly liquid financial instruments with original maturities of three months or less. The College invests excess cash in bank overnight repurchase agreements, short-term securities, and money market funds, which are converted into cash as needed to meet the College's obligations.

Investments

General

Investment securities are reflected in the accompanying financial statements at quoted fair values except for alternative investments, which include limited partnerships, real estate funds and hedge funds, for which quoted market prices are not readily available. The estimated fair value of these investments is based on net asset values provided by the general partner or investment managers during the year. The College believes that such valuations are appropriate. Because the alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

In accordance with the policy of stating investments at fair value, the change in unrealized appreciation (depreciation) of investment securities is reflected in the accompanying statements of activities. All gains and losses arising from sales, purchases, or other disposition of investments under the control of the College are accounted for on a specific identification basis calculated as of the trade date. Investment gains or losses on pooled endowment assets are distributed quarterly among the individual endowment funds on the basis of the number of units of the pool held by each individual endowment account.

Investments of Endowed Funds

The College has, from time to time, received gifts in which the donor has specified that the gift must be held in perpetuity and only the income from the gift be utilized for general or specific purposes. Such gifts, generally called endowments, are subject to the restrictions of gift instruments of the state of Maryland.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses

Student accounts receivable consists of amounts billed to students for tuition and auxiliary charges. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The College separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance, the College develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. At June 30, 2024, the College uses an allowance rate of 10%.

Allowances for doubtful student loans are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional loan balances are written off only when they are deemed to be permanently uncollectible. Reserves are placed on any past-due balances under the program until they are turned over to the government.

The allowance for pledges receivable was calculated by review of individual pledge balances for collectability and was based in part on historical collection trends of College donors.

Assets Held in Annuity Trusts

Assets held in annuity trusts consist of gift annuities and charitable remainder trusts. Gift annuities are agreements between donors and the College, which provide that the College pay stipulated amounts for the remaining lives of specific beneficiaries in return for a payment of a specific sum. Generally, donor payments are in excess of the present value of the stipulated payments. These agreements are regulated by the Insurance Commissioner of the state of Maryland. The initial payment is invested separately by the College at the time of receipt; the stipulated amounts are paid from the income, appreciation or corpus of the initial payment, or, if the initial payment has been expended, from the general assets of the College.

Charitable remainder trusts consist of funds subject to irrevocable agreements whereby the assets are made available to the College on the condition that the College pays stipulated amounts, limited to the assets of the trusts, for specified periods of time to designated individuals. Upon the death of the annuitants, the remaining proceeds of the trust revert to the College and may be used as stipulated by the donor. When the College is the trustee of the trusts, the assets held in the trust are recorded at fair value when received and the liability to the annuitant is recorded at the present value of the estimated future payments to be distributed over the annuitant's expected life.

For both annuities and charitable remainder annuity trusts, corresponding liabilities are included in the accompanying statements of financial position. Annually, management undertakes a revaluation of the actuarially determined liability of the annuities. The revaluation resulted in a decrease in annuities payable of $27,564 for fiscal year 2024 and a decrease of $20,166 for fiscal year 2023. There were no new annuity gifts for 2024. There was one new annuity gift in fiscal year 2023.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Loans Receivable, Net

College loan funds held are purpose restricted funds issued as grants per donor instructions. The College continues to collect old loans issued from these funds, and they are stated at actual amounts owed.

Land, Buildings, and Equipment

Land, buildings, and equipment with useful lives greater than one year are stated at cost, or estimated fair value at date of gift, if donated. Buildings financed in whole or in part by state of Maryland capital grants are stated at the combined cost to the College and the state. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Generally, the cost of maintenance and repairs is charged to expense when incurred, while major acquisitions, additions, renewals, and betterments are capitalized. The College's threshold for capitalizing assets is $2,000 for an individual item and $5,000 for bulk purchases. Depreciation of buildings and equipment is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and Improvements	20 to 40 Years
Furniture and Equipment	4 to 10 Years

Operations

The accompanying statements of activities distinguish between operating and nonoperating activities. Operating activities principally include all revenues, including student tuition and fees, sales, auxiliary enterprises, government grants and contracts, private gifts and endowment return used for operations, and expenses that are an integral part of the College's educational programs and supporting activities. Nonoperating activities include gains (losses) on disposals of fixed assets or other financial instruments, investment earnings, net assets released from restriction for capital projects, and other activities considered to be more of an unusual or nonrecurring nature.

Contributions and Net Assets Released from Restrictions

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of the gift. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the market risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

The College reports gifts of cash or other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished or relieved by the donor, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as Net Assets Released from Restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Net Assets Released from Restrictions (Continued)

The College has been notified of certain intentions to give from donors, which if received, would be used for general operations, program activities, and scholarships. These amounts are not included as a part of pledges receivable due to their conditional nature.

Tuition and Fee Revenue

Tuition and fee revenue consist of all tuition and fee revenue earned net of student discounts. For the years ended June 30, 2024 and 2023, these discounts amounted to $30,231,558 and $30,108,529, respectively.

Fundraising

Included in institutional support expenses for the years ended June 30, 2024 and 2023 were fundraising costs of $2,578,971 and $1,778,151, respectively.

Use of Estimates

The preparation of the financial statements in conformity with U.S. 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. The most significant management estimates and assumptions related to the determination of allowances for doubtful accounts for student accounts, loans, and pledges receivable; alternative investment values; useful lives of fixed assets; actuarial estimates of annuities payable; and the reported fair values of certain of the College's assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market volatility, and credit. To minimize such risks, the College has a diversified investment portfolio managed by several independent investment managers in a variety of asset classes. The College regularly evaluates its investments including performance thereof. The College maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The College's cash accounts were placed with high credit quality financial institutions. However, due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially from year to year. It is reasonably possible that changes in investments will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

Income Tax Status

Under provisions of the Internal Revenue Code Section 501(c)(3) and applicable income tax regulations of the state of Maryland, the College is exempt from taxes on income, other than unrelated business income.

The College recognizes or derecognizes a tax position based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The College does not believe its financial statements include any material uncertain tax positions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingency

The College is party to various legal proceeding and claims that arise in the ordinary course of business. Management has evaluated that the potential loss from these claims and has not recorded a contingency loss on the financial statements.

Amounts received and expended by the College under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, would not have a material effect on the financial position, changes in net assets, or cash flows of the College.

Leases

The College determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use asset and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in the College's statement of financial position.

Right of use assets represent the College's right to use an underlying asset for the lease term and lease liabilities represent the College's obligation to make lease payments arising from the lease. Operating lease right of use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the College's leases do not provide an implicit rate, the College has elected to use a risk-free discount rate. The operating lease right of use asset also includes any lease payments made and excludes lease incentives. The College's lease terms may include options to extend or terminate the lease when it is reasonably certain that the College will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. We have lease agreements with lease and non-lease components, which are generally accounted for separately. For certain equipment leases, such as vehicles, we account for the lease and non-lease components as a single lease component.

Accounting Standards Update

On January 1, 2023, the College adopted FASB ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The College adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the College's financial statements but did result in changes to the College's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The College also updated its accounting policies for determining the recoverability of accounts receivable.

The College extends credit to customers in the normal course of business. The College uses a combination of historical loss experience, current economic conditions, and forward-looking information to estimate credit losses for financial assets. The College considers various factors such as borrower creditworthiness and probability of default to estimate credit losses. Management has concluded that credit losses on balances outstanding at year-end will be immaterial.

NOTE 3 LIQUIDITY

The College receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated, from such endowments, is used to fund scholarships and program support. In addition, the College receives support without donor restrictions, and appropriated earnings from gifts with donor restrictions.

The College considers investment income without donor restrictions, and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the College's fiscal year.

The College regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to its ongoing activities of teaching, research, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2024 and 2023, the College has the following financial assets available for expenditure within one year:

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 4,721,884	$ 12,045,357
Accounts Receivable, Net	1,676,441	2,587,033
Pledges Receivable	16,525,291	6,229,825
Investments	351,391,980	280,883,179
Subtotal	374,315,596	301,745,394
Less: Amounts Not Available for Use Within One Year:		
Net Assets With Donor Restrictions	(378,431,019)	(286,093,837)
Donor Restricted Net Assets Appropriated for Use Within One Year	21,228,201	17,432,810
Board-Designated Endowment	(8,011,631)	(8,212,346)
Board-Designated Endowment Appropriated for Use Within One Year	365,389	390,331
Subtotal	(364,849,060)	(276,483,042)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$ 9,466,536	$ 25,262,352

The College's board of visitors and governors has designated a portion of its resources to function as endowment and for other purposes which totals $8,011,631 and $8,212,346 as of June 30, 2024 and 2023, respectively. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board.

Federal student loan receivables are not considered to be available to meet general expenditures because principal and interest on these loans are used solely to make new loans.

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to our customers (students), in an amount that reflects the consideration the College expects to be entitled in exchange for those goods or services.

The following table shows the College's tuition and fee revenue disaggregated according to the timing of the transfer of service and by source for the years ended June 30:

Revenue Recognized Over Time	2024	2023
Tuition	$ 14,742,836	$ 15,523,480
Fees	1,853,458	$ 1,664,502
Total	$ 16,596,294	$ 17,187,982

The following table shows the College's room and board revenues included within Sales, Auxiliary Enterprises on the statements of activities, disaggregated according to the timing of the transfer of service and by source for the year ended June 30:

Revenue Recognized Over Time	2024	2023
Housing (Room)	$ 5,980,186	$ 6,589,070
Dining (Board)	4,718,794	$ 5,244,059
Total	$ 10,698,980	$ 11,833,129

The College's contract assets and liabilities consist of the following at June 30:

Revenue Recognized Over Time	2024	2023
Accounts Receivable - Students	$ 421,139	$ 837,457
Deferred Revenue - Students	282,760	71,668

Performance Obligations and Revenue Recognition

The College has two academic terms; fall and spring. Tuition revenue is recognized in the fiscal year in which the academic programs are delivered, proratably over the term of the related semester. Room and Board revenue is recognized in the fiscal year in which housing and food services are provided, proratably over the term of the related semester. Any payments received prior to fiscal year-end related to academic terms that occur subsequent to fiscal year-end are recorded as deferred revenue in the accompanying statements of financial position.

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Performance Obligations and Revenue Recognition (Continued)

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. Arrangements for payment are agreed to prior to registration of the student's first academic term. Generally, payments for tuition, fees and auxiliaries are due approximately two weeks prior to the start of the academic terms. Students may also enter into a payment plan in which payment is due at predetermined dates during the course of a semester. Many students obtain Title IV or other financial aid resulting in the College receiving a significant amount of the transaction price at the beginning of the academic term.

Transaction Price

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services. Tuition, fees, and room and board revenues are reported at established rates, net of financial assistance provided by the College.

Students may receive discounts, scholarships or refunds, which gives rise to variable consideration. The amount of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is reduced directly by these discounts or scholarships from the amount of the standard rates charged. Students who adjust their course load or withdraw completely within the first four weeks of the academic term (add/drop period) may receive a full or partial refund in accordance with the College's refund policy. When the student withdrawal results from a disciplinary action, regardless of the time of the withdrawal, all amounts paid to the College become nonrefundable and the College makes no refund of any kind. Fees are not refundable after the start date of the semester for which the fees have been paid. Residence hall spaces are assigned for the academic year; therefore, no refunds or credits for rooms are given for a student withdrawing for any reason after classes begin. Board refunds or credits will be determined on a pro-rated basis to be calculated based on the date of student's withdrawal.

Tuition refunds or credits will be allowed according to date on which the student withdraws, as follows:

- Before classes begin - 100% refundable;
- During the first two weeks of classes - 75% (25% is nonrefundable);
- During the third week of classes - 50% (50% is nonrefundable);
- During the fourth week of classes - 25% (75% is nonrefundable);
- After the fourth week of classes - 0% (100% is nonrefundable).

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Contract Balances

Tuition, fees, room and board revenues are recognized in the period classes and services are provided and amounts received for future periods are reported as deferred revenue. Students are billed at the beginning of each academic term and payment is due at that time. The College's performance obligations are to provide educational services in the form of instruction as well as housing facilities and meals during the academic term. As these performance obligations are satisfied over the academic term, deferred revenue is reduced. A significant portion of student payments are from Title IV financial aid and other programs and are generally received during the first month of the respective term. When payments are received, accounts receivable is reduced.

Deferred revenue represents students who prepaid their tuition and will be recognized over the fiscal year in which academic programs are delivered, proratably over the term of the related semester.

NOTE 5 INVESTMENTS

Investments, assets held in annuity trusts, investments of endowed funds and beneficial interest in assets held by trustee by investment type at June 30 are as follows:

	2024		2023	
	Market	Cost	Market	Cost
Short-Term Investments	4,732,544	$ 4,732,544	$ 5,596,833	$ 5,557,018
Federal, State and Local				
Government Bonds and Notes	205,814	210,689	10,527,124	10,810,115
Corporate Bonds and Notes	42,278,309	42,825,149	16,245,844	17,654,270
Common and Preferred Stock	145,855,453	69,987,243	116,374,463	61,871,431
Hedge Funds	54,122,728	41,585,687	38,511,347	32,695,496
Limited Partnerships	96,813,376	84,219,242	86,243,812	73,540,394
Real Estate	7,383,756	7,383,746	7,383,756	7,383,746
Total	$ 351,391,980	$ 250,944,300	$ 280,883,179	$ 209,512,470

Certain investments and investments of endowed funds are invested in units of pooled investment funds on a market value basis. The pooled investment funds are managed under contract by professional management firms. The fund subscribes to or disposes of units on the basis of the per unit market value at the beginning of the calendar month within which the transaction takes place.

During the years ended June 30, 2024 and 2023, the net realized gains on the investment funds were $8,280,564 and $12,482,078, respectively. Net unrealized (losses) gains were $29,076,971 and $8,350,818 at June 30, 2024 and 2023, respectively.

NOTE 6 ACCOUNTS RECEIVABLE, NET

A summary of accounts receivable at June 30, is as follows:

	2024	2023
Students	$ 421,139	$ 837,457
Employees	1,657	830
Grants	512,081	824,812
Other	783,644	1,007,680
Subtotal	1,718,521	2,670,779
Less: Allowance	(42,080)	(83,746)
Total	$ 1,676,441	$ 2,587,033

NOTE 7 PLEDGES RECEIVABLE, NET

At June 30, contributors to the College have unconditionally promised to give as follows:

	2024	2023
Pledges Receivable	$ 19,153,613	$ 6,921,085
Less: Discount to Present Value at Rates from 2.49% - 5.15%	(1,758,570)	(363,375)
Subtotal	17,395,043	6,557,710
Less: Allowance for Doubtful Accounts	(869,752)	(327,885)
Pledges Receivable, Net	$ 16,525,291	$ 6,229,825

	2024	2023
Gross Contributions to be Collected:		
Within One Year	$ 6,940,616	$ 4,208,573
One to Five Years	12,212,997	2,712,512
Total	$ 19,153,613	$ 6,921,085

NOTE 8 STUDENT LOANS RECEIVABLE, NET

At June 30, student loans consisted of the following:

	2024	2023
Institutional Loan Program	$ 50,193	$ 52,240
Less: Allowance for Doubtful Accounts	(5,019)	(5,224)
Total	$ 45,174	$ 47,016

NOTE 8 STUDENT LOANS RECEIVABLE, NET (CONTINUED)

At June 30, the following amounts were past due under student loan programs:

	0-60 Days Past Due	60-90 Days Past Due	90+ Days Past Due	Total Past Due
June 30, 2024	$ -	$ -	$ 50,193	$ 50,193
June 30, 2023	$ -	$ -	$ 52,240	$ 52,240

NOTE 9 LAND, BUILDINGS, AND EQUIPMENT, NET

	2024	2023
Land Improvements	$ 10,126,389	$ 9,875,751
Buildings	257,462,046	252,327,110
Furniture and Equipment	40,755,181	39,095,723
Subtotal	308,343,616	301,298,584
Less: Accumulated Depreciation	(153,849,842)	(145,100,034)
Subtotal	154,493,774	156,198,550
Land	12,562,265	12,562,265
Construction in Progress	5,400,602	3,977,301
Total	$ 172,456,641	$ 172,738,116

Depreciation expense was $8,962,490 and $8,688,267 for the years ended June 30, 2024 and 2023, respectively.

Construction in progress at June 30, 2024 consists of costs incurred to rehabilitate several buildings. Estimated outstanding construction contract commitments at June 30, 2024 were $784,000 and will be funded through contributions or operating sources.

As of June 30, 2024 and 2023, $1,494,958 of land was held for sale.

NOTE 10 BONDS AND FINANCING ARRANGEMENTS

Bonds and financing arrangements consist of the following at June 30:

Description	2024	2023
Town of Chestertown, Maryland Economic Development Refunding Revenue Bonds, Washington College Project, 2015 & 2021 A/B Series:		
Bonds payable used to finance the design, construction, renovation and outfitting of the new academic building known as Cromwell Hall and the new residential housing known as Corsica Hall. Interest at a fixed rate of 3.476% is paid monthly. Series principal payments are due monthly in graduated amounts commencing at $39,000 through June 2046.	$ 16,314,000	$ 16,855,000
Bonds payable used to refinance the 2014 revenue bonds and pay off interest rate swaps. Interest at a rates ranging from 1.47% to 5% is paid biannually. Series principal payments are due annually in graduated amounts commencing at $2,150,000 on March 1, 2023 through March 1, 2037.	38,840,000	41,025,000
Subtotal	55,154,000	57,880,000
Add: Unamortized Issuance Premium	5,689,367	6,375,848
Less: Unamortized Debt Issuance Costs	(750,106)	(806,046)
Total Long-Term Debt, Net	$ 60,093,261	$ 63,449,802

The College expensed interest of $1,665,047 and $1,746,346 under financing arrangements for the years ended June 30, 2024 and 2023, respectively.

NOTE 10 BONDS AND FINANCING ARRANGEMENTS (CONTINUED)

Annual debt service requirements for the above debt are as follows:

Year Ending June 30,	Principal
2025	$ 2,776,000
2026	2,894,000
2027	3,022,000
2028	3,157,000
2029	3,308,000
Thereafter	39,997,000
Total	$ 55,154,000

Under the terms of the Town of Chestertown, Maryland Revenue Bond, and the Town of Chestertown, Maryland Economic Development Refunding Revenue Bond agreements, the College has granted the issuer of the bonds a claim on and collateral interest in all of its gross revenues (as defined in the agreements). The loan agreements also contain covenants and prohibitions which, among other things, limit the College's ability to incur additional indebtedness and contain an acceleration clause in the event of default.

NOTE 11 LEASES

The College leases equipment and vehicles under operating lease agreements expiring at various times through 2028. The College leases building improvements under a financing lease agreement expiring in 2038.

The following is a maturity analysis of the annual undiscounted cash flows of the lease liabilities as of June 30, 2024:

Year Ending June 30,	Finance	Operating
2025	$ 1,878,156	$ 181,610
2026	1,874,606	120,606
2027	1,870,992	82,855
2028	1,850,601	7,723
2029	1,597,140	-
Thereafter	14,946,027	-
Total undiscounted cash flows	24,017,522	392,794
Less: Present value discount	(7,902,383)	(13,222)
Total lease liabilities	$ 16,115,139	$ 379,572

NOTE 11 LEASES (CONTINUED)

The components of lease expense are as follows:

	2024	2023
Finance lease expense		
Amortization of ROU assets	1,083,710	80,220
Interest on lease liabilities	978,424	76,808
Operating lease expense	208,463	203,085

The supplemental cash flow information related to leases is as follows:

Cash paid for amounts included in the measurement of lease liabilities for leases	2024	2023
Finance - Financing cash flows	(833,856)	(76,808)
Finance - Operating cash flows	978,424	76,808
Operating - Operating cash flows	207,051	199,491
ROU assets obtained in the exchange for lease liabilities		
Finance leases	1,447,871	14,439,569
Operating leases	(2,689)	757,241
Weighted-average remaining lease terms (in years)		
Finance leases	13.2005378	15.0034223
Operating leases	2.4599904	3.2356604
Weighted-average discount rate		
Finance leases	6.55%	6.70%
Operating leases	2.87%	2.87%

NOTE 12 NET ASSETS

The composition of net assets at June 30 was as follows.

	2024	2023
Net Assets Without Donor Restrictions:		
Board-Designated Endowment	$ 8,011,631	$ 8,212,346
Undesignated	90,920,579	110,867,728
Total	$ 98,932,210	$ 119,080,074
Net Assets With Donor Restrictions:		
Purpose Restrictions:		
Scholarships	$ 161,325	$ 1,026,900
Support for the College	23,971,840	12,135,877
Time Restrictions:		
Net Pledge Receivables Without Donor Restrictions	7,570	8,070
Spending Policy:		
Investment in Perpetuity	247,125,221	184,708,251
Endowment Earnings	107,165,063	88,214,739
Total	$ 378,431,019	$ 286,093,837

NOTE 12 NET ASSETS (CONTINUED)

Pledges reflect the amount remaining to be collected on contributions in which the donor has relieved all donor imposed purpose restrictions. Although the purpose restriction has been relieved by the donor the amounts are expected to be received over a period of time and this transfer remains restricted until the pledge payment has been received.

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes or by occurrence of other events as specified by the respective donors. During the years ended June 30, 2024 and 2023, purpose restrictions were accomplished as follows:

	2024	2023
General Operations	$ 763,796	$ 898,256
Financial Aid	9,736,490	12,021,127
Instruction and Research	4,791,042	14,052,772
Student Services	401,877	1,218,758
Total	$ 15,693,205	$ 28,190,913
Capital Expenditures	$ 356,527	$ 1,124,694

NOTE 13 ENDOWMENTS

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of visitors and governors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The College's endowment consists of a portfolio of actively managed funds established to provide both a source of operating funds as well as long-term financial stability. The endowment includes both donor-restricted endowment funds and funds designated by the board of visitors and governors to function as quasi-endowments. The endowment assets are recorded on the statements of financial position in investments of endowed funds, portions of investments held for sale, and portions of assets held in annuity trusts and investments.

Interpretation of Relevant Law

The board of visitors and governors of the College has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) as establishing a standard of conduct in managing and investing endowment funds. As a result of this interpretation, the College classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. This is regarded as the "principal value" of the endowed fund. The remaining portion of the donor-restricted endowment fund that is regarded as "net appreciation" is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the College's spending policy.

NOTE 13 ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the "principal value." There were no such deficiencies as of June 30, 2024 and 2023.

Endowment Investment Policy

The College has adopted an investment policy that is intended to provide a predictable stream of funding to programs from its endowment 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 as well as board-designated funds. Under this approach, as approved by the Investment Committee of the board of visitors and governors, the endowment assets are invested in a manner that is intended to produce results that equal the total of the amount drawn annually for operations plus the rate of inflation. The College expects its endowment funds, over time, to provide an average rate of return of approximately 8-1/2% annually. Actual returns in any given year may vary from this amount.

Endowment Spending Policy

Unless otherwise specified by law or agreement with the donor, the annual amount of endowment assets and earnings available to support the operations of the College during the fiscal year shall be 5% of the average of the assets of the endowment as of December 31 of each of the three preceding fiscal years. The board has elected a draw of up to 6.5% for June 30, 2024 and 2023 and for the trailing three preceding year average balance for donor-restricted endowed funds absent explicit donor stipulations to the contrary. The board has approved a draw of up to 6.5% for the upcoming June 30, 2025 fiscal year using a trailing one preceding year average balance.

Strategies Employed for Achieving Objectives

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). Previously, the College determined that best governance practice was not to internally manage the investment portfolio and that outsourcing of the management was clearly the best course. The relationship with the consultant changed from non-discretionary to discretionary to further expedite the investment objectives. A consultant was hired to assist the Investment Committee of the board of visitors and governors in this process. Different managers have been employed over the years and have included a wide range of investments, including alternative strategies. The rationale for including alternative strategy managers for the College's portfolio is to reduce overall volatility while providing equity-like returns. Alternative asset classes have historically demonstrated lower volatility on a stand-alone basis compared to traditional asset classes. Additionally, they have had low correlations, thus providing diversification benefits at the total fund level. See Note 2 for more detail on how these are valued. Appropriations and income distributed from endowment assets are shown net of gains and losses in the statement of activities as endowment return used for operations.

NOTE 13 ENDOWMENTS (CONTINUED)

Endowment Loan

During the year ended June 30, 2024, the board of visitors and governors authorized management to borrow a $5,000,000 loan from the endowment to fund operations. The loan is intended to be repaid starting in fiscal year 2027, with interest only payments until that time at a rate of 4.696%. The balance outstanding was $5,000,000 at June 30, 2024.

During the year ended June 30, 2024, the board of visitors and governors authorized management to borrow a $3,000,000 line of credit from the endowment to fund operations. The line of credit is intended to be used for short-term cash needs during the year, charging an interest rate of 5.391%. The balance outstanding was $3,000,000 at June 30, 2024.

Endowment Fund Activity

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2024			
Net Assets, Beginning of Year	$ 8,212,346	$ 272,922,990	$ 281,135,336
Investment Return*	790,505	36,966,016	37,756,521
Change in Value of Annuities	-	49,777	49,777
Contributions	-	61,249,962	61,249,962
Income Distributed or Drawn on Endowments	(991,220)	(16,898,461)	(17,889,681)
Net Assets, End of Year	$ 8,011,631	$ 354,290,284	$ 362,301,915
Donor-Restricted Endowment Funds	$ -	$ 354,290,284	$ 354,290,284
Board-Designated Funds	8,011,631	-	8,011,631
Total	$ 8,011,631	$ 354,290,284	$ 362,301,915

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2023			
Net Assets, Beginning of Year	$ 8,120,205	$ 264,891,120	$ 273,011,325
Investment Return*	1,557,087	19,057,273	20,614,360
Change in Value of Annuities	-	23,975	23,975
Contributions	-	6,640,830	6,640,830
Income Distributed or Drawn on Endowments	(1,464,946)	(17,690,208)	(19,155,154)
Net Assets, End of Year	$ 8,212,346	$ 272,922,990	$ 281,135,336
Donor-Restricted Endowment Funds	$ -	$ 272,922,990	$ 272,922,990
Board-Designated Funds	8,212,346	-	8,212,346
Total	$ 8,212,346	$ 272,922,990	$ 281,135,336

* The portion of a donor-restricted endowment fund that is regarded as "net appreciation" is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the College's spending policy.

NOTE 14 FAIR VALUE MEASUREMENTS

The College has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are described below:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Financial assets and liabilities whose values are based on one or more of the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in nonactive markets;
- pricing models whose inputs are observable for substantially the full term of the asset or liability; or
- pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The College's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Both observable and unobservable inputs may be used to determine the fair value of positions that the College has classified within the Level 3 category. As a result, the unrealized gains and losses for assets and liabilities within the Level 3 category presented in the tables below may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

A review of the fair value hierarchy classifications is conducted on an annual basis. Changes in the type of inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the year in which reclassifications occur.

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

	June 30, 2024				June 30, 2023			
ASSETS	Quoted Priced in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance	Quoted Priced in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
Short-Term Investments	$ 4,732,544	$ -	$ -	$ 4,732,544	$ 5,596,833	$ -	$ -	$ 5,596,833
Federal, State and Local Government Bonds and Notes	205,814	-	-	205,814	10,527,124	-	-	10,527,124
Corporate Bonds and Notes	42,278,309	-	-	42,278,309	16,245,844	-	-	16,245,844
Common and Preferred Stock	59,114,018	-	-	59,114,018	38,575,365	-	-	38,575,365
Real Estate	-	-	7,383,756	7,383,756	-	-	7,383,756	7,383,756
Total Assets	$ 106,330,685	$ -	$ 7,383,756	113,714,441	$ 70,945,166	$ -	$ 7,383,756	78,328,922
Investments Measured at Fair Value Using Net Asset Value Per Share								
Hedge Funds				54,122,728				38,511,347
Commingled Funds Stock				86,741,435				77,799,098
Limited Partnerships				96,813,376				86,243,812
Total Investments Measured at Fair Value Using Net Asset Value Per Share				237,677,539				202,554,257
Total Assets				$ 351,391,980				$ 280,883,179

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

Real estate assets are measured at fair value on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment or a change in the amount of previously recorded impairment. No such impairment has been recorded for years ended June 30, 2024 and 2023. Appraisals on these properties have been obtained in years 2015-2020.

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2024 are as follows:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Distressed/Credit [a]	$ 5,962,424	-	annually	90 days
Distressed/Credit [a]	3,756,677	-	quarterly	65 days
Diversified Arbitrage [b]	5,323,950	-	quarterly	60 days
Diversified Arbitrage [b]	5,293,868	-	quarterly	65 days
Diversified Arbitrage [b]	3,648,311	-	quarterly	90 days
Diversified Arbitrage [b]	4,443	-	n/a	awaiting liquidation
Event-driven [c]	4,382,112	-	quarterly	65 days
Event-driven [c]	1,626,913	-	quarterly	90 days
Global Macro [d]	4,526,480	-	monthly	3 days
Global/Regional Long/Short [e]	6,274,951	-	quarterly	45 Days
Global/Regional Long/Short [e]	245,880	-	monthly	60 days
Global/Regional Long/Short [e]	1,352,624	-	quarterly	60 days
Global/Regional Long/Short [e]	230,600	-	n/a	awaiting liquidation
Opportunistic [f]	3,327,750	-	annually	92 days
U.S. Long/Short [g]	4,101,221	-	annually	45 days
U.S. Equity [h]	70,462,361	-	quarterly	60 days
U.S. Equity [h]	4,064,524	-	monthly	62 days
Global Equity ex US [h]	9,067,340	-	semi-monthly	6 days
Global Equity ex US [h]	1,334,661	-	monthly	32 days
Emerging Markets [h]	5,877,073	-	monthly	30 days
Private Equity [i]	96,813,376	44,950,076	n/a	n/a
Total	$ 237,677,539	$ 44,950,076		

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

a. This class includes investments in hedge funds that generally invest in securities, bank debt, and trade obligations of companies or structures that have filed Chapter 11 or are in other ways in financial distress. In addition, the managers may invest in various arbitrage strategies. The fair values have been estimated using the net asset value (NAV) per share of the investments.

b. This class includes investments in hedge funds that pursue multiple strategies in an effort to diversify risks and reduce volatility. Some of the strategies that managers in this class invest in include merger arbitrage, convertible arbitrage, fixed income arbitrage, statistical arbitrage, distressed credit, and long/short equity. The fair values have been estimated using the net asset value (NAV) per share of the investments.

c. This class includes investments in hedge funds. These funds typically invest in publicly announced corporate events and other special situations where the outcome is largely dependent of an uncorrelated event within the broad markets. The managers tend to focus on merger, corporate restructuring, corporate takeovers, and spin-offs, with the two main strategies being merger arbitrage and distressed securities.

d. This class is an investment strategy that seeks to generate returns from: 1) macroeconomic trends and shifts in the world's economies, 2) political developments that have an economic impact, and 3) changes of global supply and demand for physical and financial resources. Macro managers implement their portfolios by investing long and/or short positions (e.g., equities, fixed income, currencies, and commodities) in any market around the world, while taking directional and/or relative value positions.

e. This class includes investments in hedge funds that take long and short positions primarily in common stock of companies based in the U.S. and/or outside U.S. Management of the funds has the ability to shift investments from value to growth strategies, from small to larger capitalizations stocks, and from a net long to a net short position.

f. This class includes investments in hedge funds that primarily take long and short positions in common stock of companies based in the U.S. and/or outside of the U.S. The managers in this class may also invest in an opportunistic basis in credit and other arbitrage strategies.

g. This class includes investments in hedge funds that take long and short positions primarily in common stock of companies based in the U.S. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to larger capitalization stocks, and from a net long to a net short position.

h. This class includes funds of publicly traded U.S. and/or outside U.S. stocks.

i. This class includes investments in global secondary purchases of venture capital, leveraged buyout and other private equity assets.

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

The following provides a brief description of the types of recurring financial instruments the College holds, the methodology for estimating fair value, and the level within the hierarchy of the estimate.

Investments

Short-Term Investments – These investments are cash and low risk money market funds provided as sweep vehicles by the custodian bank. The College considers these investments Level 1.

Federal, State and Local Government Bonds and Notes – These are securities or mutual funds which invest in securities which are traded on a recognized liquid exchange. The closing price of the security as of the reporting date is used to determine fair value. These are considered Level 1 inputs in the hierarchy.

Corporate Bonds and Notes – These are securities or mutual funds which invest in bonds or notes which are traded on a recognized liquid exchange. The closing price of the security as of the reporting date is used to determine fair value. This is considered a Level 1 value in the hierarchy. In some instances, where trading volume is thin or nonexistent, assets may be measured at Net Asset Value (NAV) and, therefore, are not presented in the hierarchy.

Common and Preferred Stock – These are securities or mutual funds which invest in common and preferred stock which are traded on a recognized liquid exchange. The closing price of the security as of the reporting date is used to determine fair value. This is considered a Level 1 value in the hierarchy. In some instances, where trading volume is thin or nonexistent, assets may be measured at NAV and, therefore, are not presented in the hierarchy.

Hedge Funds – These are investments in pools of assets whose underlying values and composition of both long and short positions determine the fair market value of the investment. The reporting entity has the ability to redeem its investment with the investee at NAV per share (or its equivalent) at the measurement date.

Real Estate – NAV are those represented by an investment in a mutual fund which invests in real estate and real asset commodities such as energy. Level 3 assets are direct investments in real property and investment in limited partnerships whose value is based on the underlying real estate asset.

Limited Partnerships – Limited partnerships are investments in pools of assets whose underlying values and composition determine the fair market value of the investment either as reported by the general partner or for certain investments, the reporting entity has the ability to redeem its investment with the investee at NAV per share (or its equivalent) at the measurement date.

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

The College's Investment Committee, which consists of members of the College's senior management and board of visitors and governors, is responsible for valuation policies and procedures for the College's Level 3 investments. Interaction occurs formally on a biannual basis and informally as needed. The Investment Committee meets at least on a quarterly basis to evaluate the valuation methodology used for the Level 3 investments.

NOTE 15 RETIREMENT BENEFIT PLANS

The College participates in defined contribution retirement annuity plans sponsored by the Teacher's Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). Retirement benefits are provided to eligible faculty and administrative personnel through direct payments to these plans. For eligible employees, the College contributes a portion of the employee's salary to the plans based on the employee's contribution. Contributions made under these plans are fully vested in employees' accounts, and retirement payments are limited to the amount of the annuities purchased. Pension expenses were $1,010,961 and $762,036 for the years ended June 30, 2024 and 2023.

NOTE 16 EXPENSE ALLOCATION

The College allocates interest and amortization on indebtedness based on loan proceeds borrowed for construction of respective buildings. Operations and maintenance of plant consists of insurance, dues, maintenance, and utilities applied to square footage of all buildings. Salaries and benefits are allocated based on job function and allocation of time spent between departments. Expenses reported in the financial statements are classified among program services and supporting services for the years ended June 30, 2024 and 2023 as follows.

	Program Services						Supporting Services			
2024	Instruction	Academic Support - Library	Academic Support - Other	Student Services	Institutional Support	Subtotal	Auxiliary Enterprise	General Administrative	Subtotal	2024 Total
Salaries and Benefits	$ 15,278,366	$ 775,089	$ 1,481,164	$ 7,584,376	$ 7,046,326	$ 32,165,321	$ 2,296,483	$ 3,036,800	$ 5,333,283	$ 37,498,604
Contractual Services	790,802	17,051	55,754	1,359,742	3,731,239	5,954,588	3,513,738	963,113	4,476,851	10,431,439
Supplies	578,568	94,704	98,826	500,448	461,664	1,734,210	14,985	44,111	59,096	1,793,306
Travel	949,522	1,319	38,798	1,064,512	136,152	2,190,303	18,268	93,323	111,591	2,301,894
Professional Fees	3,700	9,653	-	88,685	387,988	490,026	-	361,365	361,365	851,391
Rent	186,827	-	676	100,918	49,358	337,779	3,809	14,717	18,526	356,305
Other Operating Expenses	2,488,959	678,435	188,252	2,621,353	4,272,733	10,249,732	2,236,397	369,160	2,605,557	12,855,289
Plant Operation and Maintenance	461,111	33,899	29,980	192,678	1,245,721	1,963,389	384,700	7,920	392,620	2,356,009
Depreciation	3,354,944	278,487	16,295	1,325,786	1,590,002	6,565,514	2,388,086	8,890	2,396,976	8,962,490
Interest and Amortization	1,404,166	151,134	7,796	487,339	139,750	2,190,185	1,586,849	5,973	1,592,822	3,783,007
Total	$ 25,496,965	$ 2,039,771	$ 1,917,541	$ 15,325,837	$ 19,060,933	$ 63,841,047	$ 12,443,315	$ 4,905,372	$ 17,348,687	$ 81,189,734

	Program Services						Supporting Services			
2023	Instruction	Academic Support - Library	Academic Support - Other	Student Services	Institutional Support	Subtotal	Auxiliary Enterprise	General Administrative	Subtotal	2023 Total
Salaries and Benefits	$ 14,691,493	$ 679,540	$ 1,065,255	$ 7,468,938	$ 5,788,497	$ 29,693,723	$ 2,018,674	$ 2,675,205	$ 4,693,879	$ 34,387,602
Contractual Services	1,113,968	11,145	35,509	1,490,205	2,794,991	5,445,818	1,444,547	1,023,806	2,468,353	7,914,171
Supplies	459,926	57,023	53,494	567,229	469,329	1,607,001	38,327	105,166	143,493	1,750,494
Travel	609,282	1,849	43,425	845,027	25,658	1,525,241	34,483	67,518	102,001	1,627,242
Professional Fees	25,483	-	-	51,447	40,697	117,627	21,565	185,965	207,530	325,157
Rent	102,849	-	-	43,509	20,286	166,644	(924)	36,991	36,067	202,711
Other Operating Expenses	2,412,220	518,047	102,128	2,216,051	1,585,320	6,833,766	3,549,786	284,327	3,834,113	10,667,879
Plant Operation and Maintenance	640,374	75,970	30,337	247,502	1,188,356	2,182,539	533,908	21,198	555,106	2,737,645
Depreciation	3,273,217	262,662	6,450	1,350,202	1,368,012	6,260,543	2,418,607	9,117	2,427,724	8,688,267
Interest and Amortization	1,293,976	-	-	-	-	1,293,976	666,594	-	666,594	1,960,570
Total	$ 24,622,788	$ 1,606,236	$ 1,336,598	$ 14,280,110	$ 13,281,146	$ 55,126,878	$ 10,725,567	$ 4,409,293	$ 15,134,860	$ 70,261,738

NOTE 17 FINANCIAL RESPONSIBILITY STANDARDS

The U.S. Department of Education (the Department) issued regulations on February 23, 2019, which became effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios used by the Department for the purpose of evaluating the financial responsibility of institutions receiving Title IV funding. These ratios are commonly referred to as the composite score. The following table summarizes certain financial statement elements needed to calculate the College's composite score as of and for the year ended June 30, 2024:

Net Assets			
1		Net assets with donor restrictions: restricted in perpetuity	$247,125,221
2		Other net assets with donor restrictions (not restricted in perpetuity):	
	a.	Annuities with donor restrictions	$ 179,797
	b.	Term endowments	-
	c.	Life income funds (trusts)	-
	d.	Total annuities, term endowments, and life income funds with donor restrictions	$ 179,797
Property, Plant, and Equipment, net			
3		Pre-implementation property, plant, and equipment, net	
	a.	Ending balance of pre-implementation as of June 30, 2023	$136,431,274
	b.	Reclassify capital lease assets previously included in PPE, net prior to the implementation of ASU 2016-02 leases standard	-
	c.	Less subsequent depreciation and disposals (net of accumulated depreciation)	(6,718,268)
	d.	Balance pre-implementation property, plant, and equipment, net	129,713,006
4		Debt financed post-implementation property, plant, and equipment, net Long-lived assets acquired with debt subsequent to June 30, 2019:	
	a.	Equipment	-
	b.	Land improvements	-
	c.	Building	-
	d.	Total property, plant, and equipment, net acquired with debt exceeding 12 months	-
5		Construction in progress - acquired subsequent to June 30, 2019	-
6		Post-implementation property, plant, and equipment, net, acquired without debt:	
	a.	Long-lived assets acquired without use of debt subsequent to June 30, 2019	42,743,635
7		Total Property, Plant, and Equipment, net - June 30, 2024	$172,456,641

NOTE 17 FINANCIAL RESPONSIBILITY STANDARDS (CONTINUED)

Debt to be excluded from expendable net assets

8	Pre-implementation debt:	
	a. Ending balance of pre-implementation as of June 30, 2023	$ 57,880,000
	b. Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standard.	-
	c. Less subsequent debt repayments	(2,726,000)
	d. Balance Pre-implementation Debt	55,154,000
9	Allowable post-implementation debt used for capitalized long-lived assets:	
	a. Equipment - all capitalized	-
	b. Land improvements	-
	c. Buildings	-
	d. Balance Post-implementation Debt	-
10	Construction in progress (CIP) financed with debt or line of credit	-
11	Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value	-
		$ 55,154,000

12 Terms of current year debt and line of credit for PPE additions:

Issue Date	Maturity Date	Nature of Capitalized Amounts	Amount Capitalized

Lease right-of-use assets and liabilities

13	Lease right-of-use assets Right-of-use assets as of balance sheet date June 30, 2024	$ 15,097,846
14	Lease right-of-use assets - Pre-implementation Right-of-use assets as of balance sheet date June 30, 2024, excluding leases entered into before December 15, 2018	$ -
15	Lease right-of-use assets - Post-implementation Right-of-use assets as of balance sheet date June 30, 2024, excluding leases entered into on or after December 15, 2018	$ 15,097,846
16	Lease right-of-use liability Lease liabilities as of balance sheet date June 30, 2024	$ 16,494,711
17	Lease right-of-use liability - Pre-implementation Lease liabilities as of balance sheet date June 30, 2024, excluding leases entered into before December 15, 2018	$ -
18	Lease right-of-use liability - Post-implementation Lease liabilities as of balance sheet date June 30, 2024, excluding leases entered into on or after December 15, 2018	$ 16,494,711

Unsecured related-party receivables

19	Secured related-party receivables	$ -
20	Unsecured related party receivables	-
21	Total secured and unsecured related-party receivables	$ -

Sale of fixed assets (if loss)

22	Loss on sale of fixed assets	$ -
23	Remaining balances in expense category in which loss on sale of assets is included on SOA	-
24	Expense category in which loss on sale of assets is included on SOA	$ -

Sale of fixed assets (if gain)

25	Gain on sale of fixed assets	$ 213,209
26	Remaining balances in nonoperating other income category in which gain on sale of assets is included	-
27	Other income category in which gain on sale of assets is included on SOA	$ 213,209

NOTE 18 SUBSEQUENT EVENTS

The College evaluated its June 30, 2024 financial statements for subsequent events through December 12, 2024. The College did not recognize any subsequent events or transactions occurring after June 30, 2024 but prior to December 12, 2024.

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