

SKIDMORE COLLEGE

AUDITED FINANCIAL STATEMENTS

Years ended May 31, 2024 and 2023

SKIDMORE COLLEGE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Skidmore College

Opinion

We have audited the accompanying financial statements of Skidmore College (a nonprofit organization) (the "College"), which comprise the statements of financial position as of May 31, 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 Skidmore College as of May 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Skidmore 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 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 Skidmore College's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 Skidmore 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 Skidmore 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.

UHY LLP

Albany, New York
September 17, 2024

SKIDMORE COLLEGE
STATEMENTS OF FINANCIAL POSITION
May 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 45,280,111	\$ 41,130,836
Accounts receivable, net	2,774,610	3,542,864
Inventories	448,282	534,088
Prepaid expenses	1,924,106	2,071,317
Contributions receivable, net	15,746,460	14,801,394
Student loans receivable, net	231,943	279,067
Investments	617,182,192	577,760,899
Investments under split interest agreements	6,578,635	6,494,943
Deposits with bond trustees	208	844
Pension assets, net	315,360	174,562
Land, buildings and equipment, net	357,294,111	327,040,292
Total assets	\$ 1,047,776,018	\$ 973,831,106
LIABILITIES		
Accounts payable and accrued expenses	\$ 19,976,311	\$ 21,267,804
Student tuition deposits and deferred revenues	6,752,229	8,261,999
Liabilities to beneficiaries under split interest agreements	3,560,752	3,739,115
Accrued postretirement benefits	34,966,238	35,188,319
Refundable government loan funds	24,947	91,666
Asset retirement obligation	421,041	494,989
Long-term debt, net	104,108,143	108,900,676
Total liabilities	169,809,661	177,944,568
NET ASSETS		
Without donor restrictions		
Board designated for endowment	176,977,268	156,503,119
Undesignated	335,429,648	304,740,179
With donor restrictions	365,559,441	334,643,240
Total net assets	877,966,357	795,886,538
Total liabilities and net assets	\$ 1,047,776,018	\$ 973,831,106

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
Tuition and fees, net of institutional aid of approximately \$73,338,000	\$ 104,478,973	\$ -	\$ 104,478,973
Sales and services of auxiliary enterprises	42,894,246	-	42,894,246
Private gifts and grants	5,348,401	6,057,237	11,405,638
Government grants and appropriations	174,837	3,611,620	3,786,457
Dividends and interest	4,864,520	2,155,713	7,020,233
Realized gains used to support operations	7,640,765	11,767,199	19,407,964
Other	6,243,665	235,106	6,478,771
Total operating revenue	171,645,407	23,826,875	195,472,282
Net assets released from restrictions	37,694,440	(37,694,440)	-
Total operating revenue and net assets released from restrictions	209,339,847	(13,867,565)	195,472,282
Operating expenses:			
Instruction	72,705,455	-	72,705,455
Research	3,097,386	-	3,097,386
Academic support	20,618,053	-	20,618,053
Student services	23,638,440	-	23,638,440
Institutional support	37,017,492	-	37,017,492
Auxiliary enterprises	32,298,205	-	32,298,205
	189,375,031	-	189,375,031
Non-operating:			
Dividends and interest	677,291	86,064	763,355
Net realized and unrealized gains, net of spending for operations	32,995,697	27,741,452	60,737,149
Change in value of split interest agreements	-	(2,001,097)	(2,001,097)
Capital gifts of cash and investments	-	16,567,394	16,567,394
Capital gifts of non-financial assets	-	2,389,953	2,389,953
Loss on disposal or impairment of fixed assets	(2,175,123)	-	(2,175,123)
Other net gain	603,686	-	603,686
Changes in net assets from non-operating activities	32,101,551	44,783,766	76,885,317
Increase in net assets before pension and postretirement benefit related changes other than net periodic benefit cost	52,066,367	30,916,201	82,982,568
Pension and postretirement benefit related changes other than net periodic benefit cost	(902,749)	-	(902,749)
Increase in net assets	51,163,618	30,916,201	82,079,819
Net assets at beginning of year	461,243,298	334,643,240	795,886,538
Net assets at end of year	\$ 512,406,916	\$ 365,559,441	\$ 877,966,357

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
Tuition and fees, net of institutional aid of approximately \$69,786,000	\$ 99,496,652	\$ -	\$ 99,496,652
Sales and services of auxiliary enterprises	41,124,981	-	41,124,981
Private gifts and grants	3,785,924	7,939,909	11,725,833
Government grants and appropriations	165,908	3,073,160	3,239,068
Dividends and interest	3,167,543	865,595	4,033,138
Realized gains used to support operations	8,585,980	13,291,889	21,877,869
Other	5,182,175	172,180	5,354,355
Total operating revenue	161,509,163	25,342,733	186,851,896
Net assets released from restrictions	42,231,794	(42,231,794)	-
Total operating revenue and net assets released from restrictions	203,740,957	(16,889,061)	186,851,896
Operating expenses:			
Instruction	68,708,286	-	68,708,286
Research	2,764,472	-	2,764,472
Academic support	18,111,740	-	18,111,740
Student services	22,049,826	-	22,049,826
Institutional support	34,805,255	-	34,805,255
Auxiliary enterprises	30,326,705	-	30,326,705
	176,766,284	-	176,766,284
Non-operating:			
Dividends and interest	242,378	107,172	349,550
Net realized and unrealized losses, net of spending for operations	(15,693,748)	(22,610,654)	(38,304,402)
Change in value of split interest agreements	-	382,738	382,738
Capital gifts of cash and investments	-	16,801,998	16,801,998
Capital gifts of non-financial assets	-	2,940,604	2,940,604
Loss on disposal or impairment of fixed assets	(252,759)	-	(252,759)
Other net gain	566,334	-	566,334
Changes in net assets from non-operating activities	(15,137,795)	(2,378,142)	(17,515,937)
Increase (decrease) in net assets before pension and postretirement benefit related changes other than net periodic benefit cost	11,836,878	(19,267,203)	(7,430,325)
Pension and postretirement benefit related changes other than net periodic benefit cost	2,745,048	-	2,745,048
Increase (decrease) in net assets	14,581,926	(19,267,203)	(4,685,277)
Net assets at beginning of year	446,661,372	353,910,443	800,571,815
Net assets at end of year	\$ 461,243,298	\$ 334,643,240	\$ 795,886,538

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 82,079,819	\$ (4,685,277)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	18,937,714	17,937,228
Amortization of debt issuance costs, premium and discount	(617,533)	(611,500)
Change in contributions receivable discount	679,289	398,887
Loss on disposal or impairment of fixed assets	2,175,123	252,759
Change in allowance for uncollectable receivables	368,882	85,663
Net realized and unrealized (gains) losses on investments	(80,145,113)	16,426,533
Capital gifts of cash and investments	(16,567,394)	(16,801,998)
Capital gifts of non-financial assets	(2,389,953)	(2,940,604)
Pension and postretirement benefit related changes other than net periodic benefit cost	(902,749)	2,745,048
Changes in operating assets and liabilities:		
Accounts receivable	693,263	(882,413)
Inventories	85,806	(118,332)
Prepaid expenses	147,211	(105,386)
Pension assets, net	(140,798)	30,380
Accounts payable and accrued expenses	(2,231,403)	(1,778,362)
Liabilities to beneficiaries under split interest agreements	(178,363)	(225,099)
Student tuition deposits and deferred revenues	(1,509,770)	580,000
Accrued postretirement benefits	680,668	(6,812,346)
Asset retirement obligation	(73,948)	264,000
Net cash provided by operating activities	<u>1,090,751</u>	<u>3,759,181</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	216,447,058	202,905,575
Purchases of investments	(175,806,930)	(182,838,737)
Student loan principal collected	62,423	143,971
Purchases of land, buildings and equipment	(48,036,793)	(35,021,139)
Net cash used in investing activities	<u>(7,334,242)</u>	<u>(14,810,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital gifts	16,567,394	16,801,998
Change in contributions receivable	(1,933,545)	(2,698,992)
Payments on long-term debt	(4,175,000)	(3,985,000)
Net change in deposits with bond trustees	636	(3)
Net change in refundable government loan funds	(66,719)	(111,721)
Net cash provided by financing activities	<u>10,392,766</u>	<u>10,006,282</u>
Net increase (decrease) in cash and cash equivalents	4,149,275	(1,044,867)
Cash and cash equivalents at beginning of year	41,130,836	42,175,703
Cash and cash equivalents at end of year	<u>\$ 45,280,111</u>	<u>\$ 41,130,836</u>
NONCASH INVESTING ACTIVITIES		
Purchases of capital assets included in accounts payable	\$4,694,808	\$ 3,754,898
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$4,310,791	\$ 4,488,729

See notes to financial statements.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 1 — ORGANIZATION AND NATURE OF ACTIVITIES

Skidmore College (the “College”) was founded in 1903 and is a predominantly residential, independent, nonsectarian, four-year coeducational liberal arts college. The College operates on a 1,500-acre campus located in Saratoga Springs, New York. The College serves approximately 2,700 undergraduate students.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) using the accrual basis of accounting.

Basis of Presentation

The College’s net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College are classified as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations, but may be internally designated by the College.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be satisfied either by actions of the College and/or the passage of time or requiring the principal to be invested in perpetuity.

Income Taxes

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes pursuant to Section 501(a) of the Code. However, income from certain activities not directly related to the tax-exempt status of the College is subject to taxation as unrelated business income.

The primary income tax position taken by the College for any years open under the various statutes of limitations is that the College continues to be exempt from income taxes except for unrelated business income. The College believes that there are no uncertain tax positions that are material to the financial statements.

None of the College’s returns are currently under examination by the Internal Revenue Service (“IRS”) or state authorities.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of 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.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The College considers all highly liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents. This does not include cash and cash equivalents included in investment pools, which are included in investments in the accompanying statements of financial position. The College has cash and cash equivalents in money market mutual funds and other short-term accounts with several financial institutions that are not federally insured. The uninsured balance totaled approximately \$45,000,000 and \$41,000,000 at May 31, 2024 and 2023, respectively. Based on management's review of the strength of the financial institutions, management believes the risk of loss on these funds is not significant.

Investments and Investment Valuation

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Realized and unrealized gains and losses include gains and losses from purchases and sales of investments as well as changes in the value of assets held during the year and are recognized in the accompanying statements of activities. Gains or losses on investments are recognized as an increase or decrease in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in investment values in the near term would materially affect the amounts reported in these financial statements.

Annuities and Deferred Giving Arrangements

The College's deferred giving arrangements consist primarily of gift annuities, pooled life income funds and charitable remainder trusts. For irrevocable deferred gifts where the assets are held by the College, contribution revenues are recognized at the date the deferred gift is established along with a corresponding liability for the present value of the estimated future payments to be made to the donors and/or beneficiaries. For irrevocable deferred gifts where the assets are not held by the College, contribution revenue and a related receivable are recorded at the date the College becomes aware of the deferred gift, based on the estimated fair value.

Contributions Receivable

Contributions receivable consist of unconditional promises to give and charitable remainder trusts. Unconditional promises to give are reported at fair value at the date of the pledge and subsequently measured at the present value of future cash flows. Charitable remainder trusts are measured at fair value. Such gifts are recorded as restricted revenue if the gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, i.e., when a stipulated time restriction ends or the purpose of the restriction is satisfied, 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. Gifts received without donor restrictions are recorded as such in the accompanying statements of activities.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Student Loans Receivable

Student loans receivable are reported net of an allowance for credit losses. A reasonable estimate of the market value of student loans receivable under government loan programs is impracticable because the notes are not saleable and can only be assigned to the U.S. Government or its designees.

Recently Adopted Accounting Standard

In 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (ASC 326), which applies a current expected credit loss (“CECL”) model, which is a new impairment model based on expected losses rather than incurred losses. During the year ended May 31, 2024, the College adopted ASU 2016-13 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning June 1, 2023, are presented under ASC 326, whereas prior periods continue to be reported under previously acceptable GAAP. The adoption of this guidance did not have a material effect on its financial statements.

Financial Instruments

The carrying amount of cash and cash equivalents, contributions receivable, deposits held by bond trustees, and accounts payable and accrued expenses approximate fair value.

Inventories

Inventories are stated at the lower of cost or net realizable value, based upon the first-in, first-out (“FIFO”) method. Inventories consist principally of items held for sale in the College bookstore.

Land, Buildings and Equipment, net

Land, buildings and equipment are carried at cost, if purchased, or at fair market value at the date of receipt, if acquired by contribution, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 45 years. Art collections are stated at cost, if purchased, or fair market value at the date of receipt, if acquired by contribution; however, these items are not depreciated. All gifts of land, buildings and equipment are recorded as non-operating revenues without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as non-operating revenues with donor restrictions. Absent donor restrictions on how long those long-lived assets must be maintained, the expiration of donor restrictions is reported as released from restriction when the donated or acquired long-lived assets are placed in service.

Conditional Asset Retirement Obligations

The College recognizes a liability when a legal obligation exists to perform an asset retirement in which the timing or method of settlement is conditional on a future event that may or may not be under the control of the College. An asset retirement obligation (“ARO”) is recognized at its net present value with an increase in the carrying amount of the long-lived asset to which the ARO relates. The capitalized asset cost is depreciated over the useful life of the related long-lived asset.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Pension and Postretirement Benefits

The College accounts for pension and other postretirement benefits in accordance with the authoritative guidance. The guidance requires the recognition of defined benefit and defined benefit postretirement plans' funded status as either an asset or liability in the accompanying statements of financial position.

Debt Issuance Costs

Debt issuance costs consist of legal, underwriting, and other fees for services rendered in connection with the issuance of long-term debt and are amortized using the effective interest rate method over the life of the related debt. Amortization expense approximated \$60,000 for each of the years ended May 31, 2024 and 2023. Debt issuance costs are netted against long-term debt in the accompanying statements of financial position.

Deposits with Bond Trustees

Certain borrowing arrangements between the College and tax-exempt issuing authorities require the establishment of reserve funds including those for debt service, building and equipment. Balances in these reserves, which are comprised primarily of U.S. treasury notes, are reflected in deposits with bond trustees in the accompanying statements of financial position.

Capital Gift Revenue

Capital gift revenue (non-operating) includes endowed gifts, gifts of equipment or other property, life income funds and/or other gifts that are designated by the College's Board of Trustees for non-operating purposes.

The accompanying statements of activities present total operating and non-operating contributions of cash and other financial assets of approximately \$27,973,000 and \$28,528,000 for the years ended May 31, 2024 and 2023, respectively, as well as contributions of non-financial assets of approximately \$2,390,000 and \$2,941,000 for the years ended May 31, 2024 and 2023, respectively.

During the year ended May 31, 2024, the College received contributions of non-financial assets of artwork (\$1,493,000), horses (\$880,000), and equipment/supplies (\$17,000). In accordance with donor restrictions, the College uses these contributions of non-financial assets in its academic and athletics programs and valued these assets based on independent appraisals. Significant valuation inputs include but are not limited to the age and condition of the assets as well as fair values of similar assets.

During the year ended May 31, 2023, the College received contributions of non-financial assets of artwork (\$1,159,000), horses (\$492,000), equipment/supplies (\$49,000), and land (\$1,241,000). Approximately \$1,227,000 in gifted land was property located out-of-state and was sold immediately upon Skidmore taking title to the property, with the proceeds to be used for restricted purposes in accordance with the gift agreement. In accordance with donor restrictions, the College uses the remaining contributions of non-financial assets in its academic and athletics programs and valued these assets based on independent appraisals. Significant valuation inputs include but are not limited to the age and condition of the assets as well as fair market values of similar assets.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenue and Financial Aid

The College recognizes revenue from exchange transactions in a manner that depicts the transfer of goods or services using the required five-step model. The College's academic year coincides with its fiscal year ending May 31. Therefore, the recognition of revenue derived from tuition, fees as well as room and board requires minimal judgement as billing and collection is completed contemporaneously with the fulfillment of services. Revenue is appropriately deferred when collected in advance of the performance of services. Other auxiliary revenue is recognized at the point of sale. As required, the College has presented tuition and fees, net of institutional aid, in the accompanying Statements of Activities. Gross tuition and fees were approximately \$177,817,000 and \$169,283,000 for the years ended May 31, 2024 and 2023, respectively. Total institutional aid was approximately \$73,338,000 and \$69,786,000 for the years ended May 31, 2024 and 2023, respectively.

Operating Expenses

A summary of operating expenses by functional and natural classifications has been presented as follows:

	2024		
	Program	Institutional Support	Total
Wages	\$ 67,537,789	\$ 15,160,778	\$ 82,698,567
Benefits	25,461,727	8,859,265	34,320,992
Services and supplies	35,694,936	11,076,514	46,771,450
Depreciation	17,069,075	1,868,639	18,937,714
Interest	4,305,797	4,995	4,310,792
Other	2,288,215	47,301	2,335,516
	<u>\$ 152,357,539</u>	<u>\$ 37,017,492</u>	<u>\$ 189,375,031</u>
2023			
	Program	Institutional Support	Total
Wages	\$ 63,083,751	\$ 13,773,288	\$ 76,857,039
Benefits	23,182,169	7,715,834	30,898,003
Services and supplies	32,775,749	11,458,346	44,234,095
Depreciation	16,096,326	1,840,902	17,937,228
Interest	4,484,254	4,475	4,488,729
Other	2,338,780	12,410	2,351,190
	<u>\$ 141,961,029</u>	<u>\$ 34,805,255</u>	<u>\$ 176,766,284</u>

Program expenses include instruction, research, academic support, student services and auxiliary enterprises.

The accompanying statements of activities present operating expenses based on function and include certain natural expenses that are attributable to more than one function. These natural expenses require allocation to each function on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, operation and maintenance of plant, and certain benefits expenses. These natural expenses are allocated primarily on a square-footage basis or proportionally to each function based on relative employee compensation within the function where applicable.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Where applicable, certain items in the prior year financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

The College has evaluated subsequent events through September 17, 2024, the date that the financial statements were issued.

NOTE 3 — ACCOUNTS RECEIVABLE AND STUDENT LOANS RECEIVABLE, NET

Accounts receivable are recognized net of an allowance of approximately \$164,000 and \$89,000 as of May 31, 2024 and 2023, respectively.

Student loans receivable and the related allowance were as follows:

	2024			2023		
	Receivable	Allowance	Net	Receivable	Allowance	Net
Student Loans:						
Government revolving	\$ 262,383	\$ 30,440	\$ 231,943	\$ 324,806	\$ 45,739	\$ 279,067
Total	<u>\$ 262,383</u>	<u>\$ 30,440</u>	<u>\$ 231,943</u>	<u>\$ 324,806</u>	<u>\$ 45,739</u>	<u>\$ 279,067</u>

Student loans receivable are comprised of federally sponsored student loans with U.S. government mandated interest rates and repayment terms. Governmental revolving loans are funded principally with federal advances to the College under the Perkins Loan Program. As of May 31, 2024 and 2023, these advances under the Perkins Loan Program were approximately \$25,000 and \$92,000, respectively, and are classified as liabilities in the statements of financial position. Interest earned on the revolving loan programs is reinvested in the fund.

The College assesses the adequacy of the allowance for accounts receivable and loans receivable by evaluating the loan portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral, and where applicable, the existence of any guarantees or indemnifications. In addition to these factors, the College reviews the aging of the loans receivable and the default rate in comparison to prior years. The allowance is adjusted based on this analysis. The College considers the allowance at May 31, 2024 and 2023 to be reasonable and adequate to absorb potential credit losses inherent in the accounts receivable and loan portfolio.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 — CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consists of unconditional promises to give, which are presented net of a present value discount and an allowance for uncollectible contributions, and charitable remainder trusts which are measured at fair value.

Contributions receivable as of May 31, 2024 and 2023 were as follows:

	2024	2023
Gross amounts expected to be received within:		
Less than one year	\$ 1,118,931	\$ 1,357,416
One to five years	14,298,887	9,627,377
More than five years	10,000	805,500
	<u>15,427,818</u>	<u>11,790,293</u>
Less: discount to present value (1.31% to 4.93 %)	<u>(1,562,138)</u>	<u>(750,066)</u>
	13,865,680	11,040,227
Less: allowance for doubtful accounts	<u>(1,178,583)</u>	<u>(1,002,175)</u>
Contributions receivable - pledges	12,687,097	10,038,052
Contributions receivable - charitable remainder trusts	<u>3,059,363</u>	<u>4,763,342</u>
Total contributions receivable, net	<u><u>\$ 15,746,460</u></u>	<u><u>\$ 14,801,394</u></u>

As of May 31, 2024 and 2023, the College had also received notification of bequest intentions totaling approximately \$45,986,000 and \$39,454,000, respectively. These bequests, if received, would be used for general operations, program activities and capital projects. These amounts are not included in contributions receivable due to the conditional nature of the gifts.

The College supports institutional development through the activities of the offices of the Skidmore Fund, foundations and corporate relations, planned giving, campaign, parent relations, and major gifts. The expenses incurred for these activities were approximately \$5,792,000 and \$5,062,000 for the years ended May 31, 2024 and 2023, respectively. These expenses are included in institutional support in the accompanying statements of activities.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 5 — INVESTMENTS

The fair value and cost of investments, by type, including investments under split interest agreements, as of May 31, 2024 and 2023 were as follows:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents				
Cash and Cash Equivalents	\$ 106,320,564	\$ 106,320,564	\$ 16,854,096	\$ 16,854,096
Equities				
Long Only Equities	224,891,142	132,013,503	211,135,355	168,237,301
Equity Long / Short Investment Funds	106,395,244	89,398,643	104,167,166	98,189,985
Equity Mutual Funds	2,330,473	2,180,193	2,207,668	2,222,414
Fixed Income				
Fixed Income Mutual Funds	48,839,165	53,672,550	57,839,244	64,728,224
Fixed Income Commingled Investment Funds	7,478,339	8,637,404	7,597,130	8,966,856
U.S. Treasuries	-	-	52,887,196	52,566,051
Absolute Return Funds				
Absolute Return Funds	15,107,711	12,195,298	20,276,736	15,043,278
Private Equity Funds				
Private Capital Funds	91,929,741	62,516,957	90,779,907	58,213,714
Private Real Estate Funds	20,148,448	14,677,555	20,191,344	13,486,467
Real Estate Trust				
Real Estate Trust	320,000	320,000	320,000	320,000
Total	\$ 623,760,827	\$ 481,932,667	\$ 584,255,842	\$ 498,828,386

Investment management and custodial fees are netted against investment income or reflected as a reduction in net asset value of the investment, and were approximately \$9,425,000 and \$5,921,000 for the years ended May 31, 2024 and 2023, respectively.

The fair value and cost of investments by traditional fund classification as of May 31, 2024 and 2023 were as follows:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Pooled Investments				
Endowment and similar funds	\$ 569,301,457	\$ 423,328,829	\$ 501,927,149	\$ 410,399,899
Non-pooled Investments				
Current funds	47,880,735	51,563,773	75,833,750	81,308,527
Life income funds	6,578,635	7,040,065	6,494,943	7,119,960
Total non-pooled	54,459,370	58,603,838	82,328,693	88,428,487
Total	\$ 623,760,827	\$ 481,932,667	\$ 584,255,842	\$ 498,828,386

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 5 — INVESTMENTS (Continued)

Pooled endowment and similar funds are accounted for on a unit fair value basis. Funds are added to or withdrawn from the pool at the unit market value at the beginning of the month in which the transaction takes place. A summary of changes in the relationship between cost and market value of the pooled investments is as follows:

	2024			
	Pooled Investments			Fair Value Per Unit
	Fair Value	Cost	Net Gain	
End of year	\$ 569,301,457	\$ 423,328,829	\$ 145,972,628	\$ 20.12
Beginning of year	501,927,149	410,399,899	91,527,250	17.42
Net unrealized gain for year			54,445,378	
Net realized gain for year			24,131,846	
Net total gain for year			\$ 78,577,224	\$ 2.70

The average earnings per unit, exclusive of net unrealized and net realized gains and losses, amounted to \$0.14 for the year ended May 31, 2024.

	2023			
	Pooled Investments			Fair Value Per Unit
	Fair Value	Cost	Net Loss	
End of year	\$ 501,927,149	\$ 410,399,899	\$ 91,527,250	\$ 17.42
Beginning of year	533,799,197	411,027,975	122,771,222	17.91
Net unrealized loss for year			(31,243,972)	
Net realized gain for year			16,550,665	
Net total loss for year			\$ (14,693,307)	\$ (0.49)

The average earnings per unit, exclusive of net unrealized and net realized gains and losses, amounted to \$0.04 for the year ended May 31, 2023.

NOTE 6 — FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") - Accounting Standards Codification provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

- Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability; and
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Cash Equivalents: Valued at the closing price reported in the active market on which the individual securities are traded.

Long Only Equities: Common stocks are valued at the closing price reported in the active market on which individual securities are traded. Investments focus on both U.S. and international markets, in various business sectors including commodities, credit markets, healthcare, telecommunications, energy, information technology, utilities, and others.

Equity Long / Short Investment Funds: Funds generally invest in long and short positions in corporate securities with a focus on both U.S. and international markets, in various business sectors including, commodities, credit markets, healthcare, telecommunications, energy, information technology, utilities, and others. Funds are valued at the net asset value (NAV) of shares held at year end. Management has considered all other rights and obligations associated with these investments and concluded there would be no significant adjustments required to the net asset values.

Mutual Funds: Valued at the closing price reported in the active market on which the individual securities are traded.

Fixed Income Commingled Investment Funds: Funds generally invest in corporate and government debt securities and are typically held in limited partnerships. Funds are valued at the net asset value of shares held by the College at year end. Management has considered all other rights and obligations associated with these investments and concluded there would be no significant adjustments required to the net asset values.

Absolute Return Funds: Funds that utilize strategies with the intent to generate long-term appreciation with limited volatility and limited correlation to common bond and equity indices. Funds are valued at the net asset value of shares held by the College at year end. Management has considered all other rights and obligations associated with these investments and concluded there would be no significant adjustment required to the net asset values.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

Private Capital Funds: Funds that are not available for liquidation by the College and are dependent on the fund administration for decisions about sale and asset distribution. The strategy of the funds is to achieve long-term growth primarily through direct and equity investments and distressed securities. The College has limited ability to influence operations of these funds. The College determines the fair value based on the qualitative and quantitative information received such as audited financial statements, tax returns and/or other financial data, including descriptions of underlying investments.

Private Real Estate Funds: Funds that are not available for liquidation by the College and are dependent on the fund administration for decisions about sale and asset distribution. The strategy of the funds is to achieve long-term growth primarily through direct and equity investments in the domestic real estate industry. The College has limited ability to influence operations of these funds. The College determines the fair value based on the qualitative and quantitative information received such as audited financial statements, tax returns and/or other financial data, including descriptions of underlying real estate investments.

U.S. Treasuries: Valued at the closing price reported in the active market on which the individual securities are traded.

Real Estate Trusts: Real estate trusts are reported at fair value as determined by independent appraisals.

The preceding methods described may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

The following presents the College's investments and other financial assets by fair value hierarchy and type at May 31, 2024:

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

<u>Investments</u>	<u>Assets at Fair Value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents				
Cash and Cash Equivalents	\$ 106,199,072	\$ -	\$ -	\$ 106,199,072
Equities				
Long Only Equities	92,030,849	-	54,560,749	146,591,598
Equity Long / Short Investment Funds	-	-	38,568,318	38,568,318
Fixed Income				
Fixed Income Mutual Funds	45,030,771	-	-	45,030,771
Absolute Return Funds				
Absolute Return Fund	-	-	104,222	104,222
Private Equity Funds				
Private Capital Fund	-	-	91,929,741	91,929,741
Private Real Estate Fund	-	-	17,280,921	17,280,921
Total Investments Excluding Investments Measured at NAV as Practical Expedient	<u>\$ 243,260,692</u>	<u>\$ -</u>	<u>\$ 202,443,951</u>	<u>\$ 445,704,643</u>
Investments Measured at NAV as Practical Expedient				171,477,549
Total Investments				<u>\$ 617,182,192</u>

**Contributions Receivable - Charitable
Remainder Trusts**

	<u>Assets at Fair Value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Charitable Remainder Trusts				
Total Charitable Remainder Trusts	\$ -	\$ -	\$ 3,059,363	\$ 3,059,363
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,059,363</u>	<u>\$ 3,059,363</u>

**Investments Under Split Interest
Agreements**

	<u>Assets at Fair Value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents				
Cash and Cash Equivalents	\$ 119,768	\$ -	\$ -	\$ 119,768
Equities				
Equity Mutual Funds	2,330,473	-	-	2,330,473
Fixed Income				
Fixed Income Mutual Funds	3,808,394	-	-	3,808,394
Other				
Real Estate Trust	-	-	320,000	320,000
Total Investments Under Split Interest Agreements	<u>\$ 6,258,635</u>	<u>\$ -</u>	<u>\$ 320,000</u>	<u>\$ 6,578,635</u>

Deposits with Bond Trustees

	<u>Assets at Fair Value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents				
Cash and Cash Equivalents	\$ 123	\$ -	\$ -	\$ 123
Fixed Income				
U.S. Treasuries	85	-	-	85
Total Deposits with Bond Trustees	<u>\$ 208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208</u>
Total Assets at Fair Value Excluding Investments Measured at NAV as Practical Expedient	<u>\$ 249,519,535</u>	<u>\$ -</u>	<u>\$ 205,823,314</u>	<u>\$ 455,342,849</u>
Investments Measured at NAV as Practical Expedient				171,477,549
Total Assets at Fair Value				<u>\$ 626,820,398</u>

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

The following presents the College's investments and other financial assets by fair value hierarchy and type at May 31, 2023:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Investments</u>				
Cash and Cash Equivalents				
Cash and Cash Equivalents	\$ 16,789,319	\$ -	\$ -	\$ 16,789,319
Equities				
Long Only Equities	89,943,251	-	47,008,673	136,951,924
Equity Long / Short Investment Funds	-	-	31,063,070	31,063,070
Fixed Income				
Fixed Income Mutual Funds	53,936,745	-	-	53,936,745
U.S. Treasuries	52,887,196	-	-	52,887,196
Absolute Return Funds				
Absolute Return Fund	-	-	1,824,495	1,824,495
Private Equity Funds				
Private Capital Fund	-	-	90,779,907	90,779,907
Private Real Estate Fund	-	-	17,185,418	17,185,418
Total Investments Excluding Investments Measured at NAV as Practical Expedient	<u>\$ 213,556,511</u>	<u>\$ -</u>	<u>\$ 187,861,563</u>	<u>\$ 401,418,074</u>
Investments Measured at NAV as Practical Expedient				176,342,825
Total Investments				<u>\$ 577,760,899</u>
<u>Contributions Receivable - Charitable Remainder Trusts</u>				
	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Charitable Remainder Trusts				
Total Charitable Remainder Trusts	\$ -	\$ -	\$ 4,763,342	\$ 4,763,342
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,763,342</u>	<u>\$ 4,763,342</u>
<u>Investments Under Split Interest Agreements</u>				
	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents				
Cash and Cash Equivalents	\$ 64,777	\$ -	\$ -	\$ 64,777
Equities				
Equity Mutual Funds	2,207,668	-	-	2,207,668
Fixed Income				
Fixed Income Mutual Funds	3,902,498	-	-	3,902,498
Other				
Real Estate Trust	-	-	320,000	320,000
Total Investments Under Split Interest Agreements	<u>\$ 6,174,943</u>	<u>\$ -</u>	<u>\$ 320,000</u>	<u>\$ 6,494,943</u>
<u>Deposits with Bond Trustees</u>				
	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents				
Cash and Cash Equivalents	\$ 763	\$ -	\$ -	\$ 763
Fixed Income				
U.S. Treasuries	81	-	-	81
Total Deposits with Bond Trustees	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 844</u>
Total Assets at Fair Value Excluding Investments Measured at NAV as Practical Expedient	<u>\$ 219,732,298</u>	<u>\$ -</u>	<u>\$ 192,944,905</u>	<u>\$ 412,677,203</u>
Investments Measured at NAV as Practical Expedient				176,342,825
Total Assets at Fair Value				<u>\$ 589,020,028</u>

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

Changes in Level 3 Assets

The following table sets forth a summary of changes in the fair value of the College's Level 3 assets for the year ended May 31, 2024:

Balance at June 1, 2023	\$ 192,944,905
Total gains or losses (realized and unrealized) included in non-operating gains	9,635,625
Purchases	23,949,304
Sales	(20,706,520)
Balance at May 31, 2024	<u>\$ 205,823,314</u>

The following table sets forth a summary of changes in the fair value of the College's Level 3 assets for the year ended May 31, 2023:

Balance at June 1, 2022	\$ 195,081,931
Total gains or losses (realized and unrealized) included in non-operating gains	(10,487,641)
Purchases	21,954,317
Sales	(13,603,702)
Balance at May 31, 2023	<u>\$ 192,944,905</u>

Nature and Risk of Certain Investments

The nature and risk of certain investments by major category at May 31, 2024 are presented as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Provisions</u>	<u>Expected Liquidation Term</u>
Fixed Income				
Fixed Income Commingled Investment Funds	\$ 7,478,339	\$ -	100% monthly with 10 to 30 days notice	Not applicable
Equities				
Long Only Equities	132,862,016	-	varies from 100% monthly with 6 days notice to no redemption permitted	Not applicable
Equity Long / Short Investment Funds	106,395,244	-	varies from 100% monthly with 6 days notice to no redemption permitted	Not applicable
Absolute Return Funds				
Absolute Return Funds	15,107,711	-	varies from 100% monthly with 65 days notice to no redemption permitted	Not applicable
Private Equity Funds				
Private Capital Funds	91,929,741	25,085,560	no redemption permitted	1 to 10 years
Private Real Estate Funds	20,148,448	3,172,598	no redemption permitted	1 to 5 years
	<u>\$ 373,921,499</u>	<u>\$ 28,258,158</u>		

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

Quantitative and Qualitative Information Regarding Level 3 Fair Value Measurements

The following table presents information about significant unobservable inputs related to the College's investment in assets categorized as Level 3 in the fair value hierarchy at May 31, 2024:

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average)
Charitable Remainder Trusts	\$ 3,059,363	Discounted cash flow	Discount rates	0.31%-4.93% (2.01%)
			Life expectancy	0-15 years (6 years)

Investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets that require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by fund managers and consider variables such as financial performance of investments, including comparison of comparable companies' earnings multiples, cash flows analysis, recent sales prices of investments, and other pertinent information and may reflect discounts for the illiquid nature of certain investments held. Because of the inherent uncertainty of valuation for these investments, the investment manager's estimate may differ from the values that would have been used had a ready market existed.

NOTE 7 — ENDOWMENT

FASB Accounting Standards Codification provides guidance regarding Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and Enhanced Disclosures for All Endowment Funds.

The State of New York has adopted a version of the Uniform Prudent Management of Institutional Funds Act ("NYPMIFA"). The College has interpreted NYPMIFA 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 instructions to the contrary. As a result of this interpretation, the College classifies as net assets with donor restrictions (a) the original value of the 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. A portion of the donor-restricted endowment fund is appropriated for expenditure by the College's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or NYPMIFA requires the College to retain as a fund of perpetual duration. Deficiencies would result from unfavorable market fluctuations that occur after the investment of restricted contributions and continued appropriation as deemed prudent by the College. The amount below the original gift value or the amount required to be maintained by the donor or by law approximated \$502,000 and \$1,536,000 (corpus of \$13,326,000 and \$15,328,000) at May 31, 2024 and 2023, respectively.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 7 — ENDOWMENT (Continued)

Endowment Investment Policy

Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the College's Board of Trustees, the endowment assets are invested in a manner that is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets while assuming a moderate level of investment risk.

Endowment Investment Return Spending Policy

The College has an endowment and similar funds "total return" investment spending policy, which is applied to substantially all of the College's endowment and similar investments. It is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets. The amount of endowment and similar investment return (yield and appreciation) used annually to support operations is equivalent to 5% of the weighted average of these investments over the prior three calendar years. Investment returns equal to the annual spending rate are reflected as operating support and investment returns in excess of the spending rate are reflected as non-operating support in the accompanying statements of activities. Spending in excess of investment return is reflected as a decrease in net assets without donor restrictions. Pooled endowment and similar funds as presented in Note 5, includes certain board designed as well as working capital funds invested with the College's endowment. These working capital funds were approximately \$81,101,000 and \$73,049,000 as of May 31, 2024 and 2023, respectively. The investment spending policy for these funds is the same as for the endowment.

Endowment net asset composition by type of fund as of May 31, 2024 was as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Earnings Net of Spending	Corpus	Total
Donor-restricted funds	\$ -	\$ 137,063,316	\$ 174,160,246	\$ 311,223,562
Board-designated funds	176,977,268	-	-	176,977,268
Total funds	<u>\$ 176,977,268</u>	<u>\$ 137,063,316</u>	<u>\$ 174,160,246</u>	<u>\$ 488,200,830</u>

Endowment net asset composition by type of fund as of May 31, 2023 was as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Earnings Net of Spending	Corpus	Total
Donor-restricted funds	\$ -	\$ 108,052,901	\$ 164,322,216	\$ 272,375,117
Board-designated funds	156,503,119	-	-	156,503,119
Total funds	<u>\$ 156,503,119</u>	<u>\$ 108,052,901</u>	<u>\$ 164,322,216</u>	<u>\$ 428,878,236</u>

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 7 — ENDOWMENT (Continued)

Endowment Investment Return Spending Policy (Continued)

Changes in endowment net assets for the fiscal year ended May 31, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Earnings Net of Spending	Corpus	Total
Endowment net assets, beginning of year	\$ 156,503,119	\$ 108,052,901	\$ 164,322,216	\$ 428,878,236
Contributions	1,643,468	20,217	9,838,030	11,501,715
Investment income	1,399,764	2,155,714	-	3,555,478
Net appreciation	26,471,445	40,757,396	-	67,228,841
Amounts appropriated for expenditure	(9,040,528)	(13,922,912)	-	(22,963,440)
Endowment net assets, end of year	<u>\$ 176,977,268</u>	<u>\$ 137,063,316</u>	<u>\$ 174,160,246</u>	<u>\$ 488,200,830</u>

Changes in endowment net assets for the fiscal year ended May 31, 2023 were as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Earnings Net of Spending	Corpus	Total
Endowment net assets, beginning of year	\$ 165,449,305	\$ 128,847,540	\$ 160,603,204	\$ 454,900,049
Contributions	4,622,482	42,522	3,719,012	8,384,016
Investment income	352,591	545,843	-	898,434
Net depreciation	(4,982,689)	(7,545,272)	-	(12,527,961)
Amounts appropriated for expenditure	(8,938,570)	(13,837,732)	-	(22,776,302)
Endowment net assets, end of year	<u>\$ 156,503,119</u>	<u>\$ 108,052,901</u>	<u>\$ 164,322,216</u>	<u>\$ 428,878,236</u>

NOTE 8 — LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings and equipment, net as of May 31, 2024 and 2023, were as follows:

	2024	2023
Land	\$ 4,585,047	\$ 4,585,047
Buildings and building improvements	488,250,837	455,079,336
Equipment and furnishings	119,667,927	114,567,904
Library holdings and art collections	68,836,335	65,319,856
Right of use assets	607,507	821,296
Construction in progress	30,185,432	23,393,789
	<u>712,133,085</u>	<u>663,767,228</u>
Less: accumulated depreciation	<u>(354,838,974)</u>	<u>(336,726,936)</u>
Land, buildings, and equipment, net	<u>\$ 357,294,111</u>	<u>\$ 327,040,292</u>

Depreciation expense for the years ended May 31, 2024 and 2023 was approximately \$18,938,000 and \$17,937,000, respectively.

The College capitalizes the interest costs related to outstanding debt for certain qualifying assets under construction. There were no capitalized interest costs for the years ended May 31, 2024 and 2023.

Right to use assets have a related lease liability of approximately \$607,000 and \$825,000 for the years ended May 31, 2024 and 2023, respectively. Lease liability is included in accounts payable and accrued expenses in the accompanying statements of financial position.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 8 — LAND, BUILDINGS AND EQUIPMENT, NET (Continued)

Construction in progress includes capital projects not yet completed at year end. The remaining projects as of May 31, 2024 and 2023 include renovation, new buildings and infrastructure, and improvements on the College's campus.

Contingencies Related to Land, Buildings, and Equipment - Asset Retirement Obligation

In the normal course of operation, the College performs maintenance and repairs on its existing facilities and completes new construction projects. As part of these activities, the College has identified areas containing materials that legally require removal in current and future years. The primary material that the College has identified is asbestos that was used in the initial construction of certain buildings.

The following table summarizes the activity of the College's asset retirement obligation ("ARO") for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
ARO, beginning of year	\$ 494,989	\$ 230,989
Settled obligations	(73,948)	-
New obligations	<u>-</u>	<u>264,000</u>
ARO, end of year	<u><u>\$ 421,041</u></u>	<u><u>\$ 494,989</u></u>

NOTE 9 — LONG-TERM DEBT

The College's debt was issued to finance facilities additions/renovations and major equipment purchases, and will be repaid from the general operations of the College.

Long-term debt of the College (including the current portion and any unamortized premium, discount or debt issuance costs) as of May 31, 2024 and 2023, is summarized as follows:

SKIDMORE COLLEGE
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NOTE 9 — LONG-TERM DEBT (Continued)

	<u>2024</u>	<u>2023</u>
Saratoga County Capital Resource Corporation Revenue Refunding Bonds, Series '14A; 3.43%; due 2024	\$ -	\$ 1,275,000
Saratoga County Capital Resource Corporation Revenue Refunding Bonds, Series '14B; 3.43%; due 2034	14,560,000	15,650,000
Saratoga County Capital Resource Corporation Revenue Refunding Bonds, Series '18; 3.93%; due 2049	32,370,000	33,005,000
Saratoga County Capital Resource Corporation Revenue Revenue Bonds, Series '20A, 3.33%; due 2050	26,515,000	26,515,000
Saratoga County Capital Resource Corporation Revenue Revenue Refunding Bonds, Series '21A; 2.47%; due 2038	18,780,000	19,955,000
	<u>92,225,000</u>	<u>96,400,000</u>
Total long-term debt before unamortized premium and debt issuance costs, net	<u>92,225,000</u>	<u>96,400,000</u>
Unamortized premium, Series '14A	-	167,755
Unamortized premium, Series '14B	1,514,301	1,639,506
Unamortized premium, Series '18	4,712,477	4,829,496
Unamortized premium, Series '20A	3,656,895	3,742,935
Unamortized premium, Series '21A	3,288,549	3,470,342
Debt issuance costs, net	(1,289,079)	(1,349,358)
Total unamortized premium and debt issuance costs, net	<u>11,883,143</u>	<u>12,500,676</u>
Total long-term debt, net	<u><u>\$ 104,108,143</u></u>	<u><u>\$ 108,900,676</u></u>

Interest rates noted are annualized based on a weighted average for the entire issue. All issues are collateralized by certain assets of the College.

A summary of long-term debt service payable for the next five years and thereafter is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,040,000	\$ 4,212,400	\$ 7,252,400
2026	3,200,000	4,056,400	7,256,400
2027	3,365,000	3,892,275	7,257,275
2028	3,550,000	3,719,400	7,269,400
2029	3,710,000	3,538,000	7,248,000
Thereafter	<u>75,360,000</u>	<u>37,527,625</u>	<u>112,887,625</u>
Total	<u><u>\$ 92,225,000</u></u>	<u><u>\$ 56,946,100</u></u>	<u><u>\$ 149,171,100</u></u>

Interest expense for the years ended May 31, 2024 and 2023 totaled approximately \$4,311,000 and \$4,489,000, respectively.

The College is in compliance with its long-term debt covenants.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are subject to donor-imposed stipulations to support scholarships, program activities, and new construction. Such stipulations may be or will be satisfied by the actions of the College and/or the passage of time. Certain net assets with donor restrictions are subject to donor-imposed stipulations that require the principal to be invested in perpetuity, in which case investment returns are expendable to support scholarships and program activities. Net assets with donor restrictions as of May 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Net assets restricted by time and purpose		
Funds for academic programs and scholarships	\$ 12,641,374	\$ 13,434,702
Funds for capital improvements	22,930,162	31,273,645
Endowment earnings net of spending	137,063,316	108,052,901
Life income and annuity funds	3,442,279	5,721,980
Pledges receivable	8,898,238	7,256,054
	<u>184,975,369</u>	<u>165,739,282</u>
Net assets in perpetuity		
Endowment corpus	174,160,246	164,322,216
Life income and annuity funds	2,634,967	1,799,744
Pledges receivable	3,788,859	2,781,998
	<u>180,584,072</u>	<u>168,903,958</u>
Total net assets with donor restrictions	<u><u>\$ 365,559,441</u></u>	<u><u>\$ 334,643,240</u></u>

NOTE 11 — EMPLOYEE BENEFIT PLANS

Pension Plans

During 1990, the College determined that the early retirement option that had been offered to non-unionized employees and administered as a severance pay plan was deemed jurisdictional under Title 1 of ERISA as a defined benefit pension plan. Effective November 15, 1990, the College's Board of Trustees voted to freeze all benefits under the early retirement plan and close the plan to new employees. All non-unionized employees employed at the College on November 15, 1990 were vested under the frozen plan after five years of service.

The following table sets forth the plan's funded status and amounts recognized in the College's statements of financial position as of May 31, 2024 and 2023:

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Pension Plans (Continued)

	2024	2023
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 466,222	\$ 480,090
Interest cost	21,169	19,338
Benefits paid	(73,017)	(28,335)
Actuarial gain	(9,711)	(4,871)
Benefit obligation at end of year	<u>\$ 404,663</u>	<u>\$ 466,222</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 640,784	\$ 685,032
Actual return on plan assets	152,256	(15,913)
Benefits paid	(73,017)	(28,335)
Fair value of plan assets at end of year	<u>\$ 720,023</u>	<u>\$ 640,784</u>
Funded status at year end	<u>\$ 315,360</u>	<u>\$ 174,562</u>
Amounts recognized in net assets without donor restrictions:		
Unamortized net (gain) loss	<u>\$ (103,777)</u>	<u>\$ 34,489</u>
Amounts recognized in the statements of financial position consist of:		
Pension assets	<u>\$ 315,360</u>	<u>\$ 174,562</u>
Net assets without donor restrictions	<u>\$ (103,777)</u>	<u>\$ 34,489</u>
Components of net periodic pension cost:		
Interest cost on projected benefit obligation	\$ 21,169	\$ 19,338
Expected return on assets	(10,397)	(11,667)
Settlement gain	(13,304)	-
Net periodic pension (income) cost	<u>\$ (2,532)</u>	<u>\$ 7,671</u>
Change in unamortized items:		
Actuarial (gain) loss	\$ (151,570)	\$ 22,709
Amortization of:		
Settlement gain	13,304	-
Total changes recognized in net assets without donor restrictions	<u>\$ (138,266)</u>	<u>\$ 22,709</u>
Total recognized in net periodic pension cost and net assets without donor restrictions	<u>\$ (140,798)</u>	<u>\$ 30,380</u>

The College's funding policy is based upon and is in compliance with ERISA requirements. The College made no contributions to the plan for the years ended May 31, 2024 and 2023. Assumed discount rates of 6.35% and 6.11% were used in accounting for the benefit obligation as of May 31, 2024 and 2023, respectively. Assumed discount rates of 6.11% and 5.10% were used in accounting for the net periodic pension cost for the years ended May 31, 2024 and 2023. Expected long-term rates of return on assets of 2.0% were used in accounting for the plan as of May 31, 2024 and 2023, respectively.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Pension Plans (Continued)

Estimated future benefit payments reflect expected future service for each fiscal year. Shown below are the expected payments for the next five years and the five years thereafter:

2025	\$233,379
2026	\$ 35,876
2027	\$ 30,382
2028	\$ 39,032
2029	\$ 21,965
Years 2030 - 2034	\$ 69,572

Postretirement Health Benefits

The College pays for a portion of medical benefits for retired non-unionized employees with a start date prior to September 4, 2008 based upon years of service at retirement date. The College accrues the expected cost of postretirement benefits over the service life of active employees.

The following tables set forth the status of the plan, which is unfunded, as of May 31, 2024 and 2023:

	2024	2023
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 35,188,319	\$ 39,255,617
Service cost	394,062	516,977
Interest cost	1,892,337	1,835,007
Plan participant's contribution	39,672	40,979
Actuarial gain	(388,731)	(4,881,946)
Benefits paid	(2,159,421)	(1,578,315)
Benefit obligation at end of year	<u>\$ 34,966,238</u>	<u>\$ 35,188,319</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contribution	2,119,749	1,537,336
Plan participants' contributions	39,672	40,979
Benefits paid	(2,159,421)	(1,578,315)
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status at year end	<u>\$ (34,966,238)</u>	<u>\$ (35,188,319)</u>
Amounts recognized in net assets without donor restrictions:		
Unamortized prior service credit	\$ -	\$ -
Unamortized net gain	(13,311,459)	(14,365,778)
	<u>\$ (13,311,459)</u>	<u>\$ (14,365,778)</u>

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Postretirement Health Benefits (Continued)

	<u>2024</u>	<u>2023</u>
Amounts recognized in the statements of financial position consist of:		
Accrued postretirement benefits liability	<u>\$ (34,966,238)</u>	<u>\$ (35,188,319)</u>
Net assets without donor restrictions	<u>\$ (13,311,459)</u>	<u>\$ (14,365,778)</u>
Components of net periodic benefit cost:		
Service cost	\$ 394,062	\$ 516,977
Interest cost	1,892,337	1,835,007
Amortization of net gain	(1,443,050)	(1,039,798)
Amortization of unrecognized prior service credit	<u>-</u>	<u>(1,074,391)</u>
Net periodic postretirement benefit cost	<u>\$ 843,349</u>	<u>\$ 237,795</u>
Change in unamortized items:		
Prior service credit	\$ -	\$ -
Actuarial gain	(388,731)	(4,881,946)
Amortization of:		
Prior service credit	-	1,074,391
Actuarial gain	<u>1,443,050</u>	<u>1,039,798</u>
Total changes in recognized net assets without donor restrictions	<u>\$ 1,054,319</u>	<u>\$ (2,767,757)</u>
Total recognized in net periodic benefit cost and net assets without donor restrictions	<u>\$ 1,897,668</u>	<u>\$ (2,529,962)</u>

Actual contributions by the College for the years ended May 31, 2024 and 2023 totaled approximately \$2,120,000 and \$1,537,000, respectively. The discount rates used in determining the accumulated postretirement benefit obligation were 6.01% and 5.67% as of May 31, 2024 and 2023, respectively. Assumed discount rates of 5.67% and 5.05% were used in accounting for the net periodic pension cost as of May 31, 2024 and 2023, respectively. The assumed trend rates for pre-65 medical, post-65 medical, and prescription drug costs are 7.8%, 4.6%, and 7.8%, respectively for the next year, decreasing gradually in future years to 4.04% by fiscal 2075 and remaining at that level thereafter.

Expected benefit payments reflect expected future service cost for each fiscal year. Shown below are the expected gross payments (including prescription drug benefits) for the next five years and the five years thereafter:

	<u>Gross Payments</u>
2025	\$ 2,040,803
2026	\$ 2,126,640
2027	\$ 2,177,492
2028	\$ 2,246,966
2029	\$ 2,432,844
Years 2030 - 2034	\$ 13,585,228

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Defined Contribution Plans

The College has a 403(b) defined contribution plan, which covers substantially all non-union employees of the College. The College contributes an amount equal to 10% of base annual salary / wages if an eligible employee is less than age 50, or 11% if age 50 or over, into the plan. In addition, the College contributes an amount equal to 1% of base annual salary / wages of an eligible employee with a start date on or after September 4, 2008 who is a fully benefits eligible employee, but who is not eligible for the College's postretirement healthcare plan. For the years ended May 31, 2024 and 2023, the College's contribution was approximately \$6,438,000 and \$5,928,000, respectively.

The College also has a 403(b) defined contribution plan, which covers certain union employees of the College. Skidmore College 403(b) Retirement Plan for Employees Represented by UPSEU Local 1222 was adopted on March 1, 2014. The Plan covers all eligible employees of the College represented by UPSEU Local 1222 who work at least 1,000 hours of service in the initial (or subsequent) 12-month computation period. The College contributes an amount equal to \$1.95 and \$1.90 per hour of service for the years ended May 31, 2024 and 2023, respectively. The College's contribution was approximately \$515,000 and \$513,000 for the years ended May 31, 2024 and 2023, respectively. The College's agreement with UPSEU expires on May 31, 2025.

Other

The College contributes to pension funds administered by various unions with which the College has collective bargaining agreements. The College made contributions for these other plans totaling \$374,000 and \$353,000 for the years ended May 31, 2024 and 2023, respectively.

NOTE 12 — CREDIT AGREEMENTS

The College has a \$1,000,000 line of credit available for construction-related letters of credit from a financial institution, which is reduced by any outstanding letters of credit. The rate of interest on this line of credit is equivalent to the prime lending rate. There were no borrowings outstanding under the line of credit as of May 31, 2024 and 2023. As of May 31, 2024, the College had no outstanding construction-related letters of credit.

The College also has a depository banking relationship and equity interest in this financial institution with which it shares one common board member.

NOTE 13 — COMMITMENTS AND CONTINGENCIES

The College is subject to certain claims and legal proceedings arising in the ordinary course of business. In the opinion of management, the ultimate disposition with respect to these matters will not have a material adverse effect on the financial position of the College.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 14 — LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Resources available to the College to fund financial aid, operating expenditures, debt service and capital projects have seasonal variations related to the timing of tuition billing and collection, receipt of grants, gift and pledge payments, endowment spending and other revenues. The College actively manages its financial resources utilizing a combination of short, medium and long-term investment strategies to align its cash inflows with anticipated outflows in accordance with policies approved by its Board of Trustees. As summarized below, the College has significant existing financial assets and liquidity resources available within one year for general expenditures as follows:

Cash and cash equivalents	\$ 45,280,111
Accounts receivable, net	2,774,610
Current portion of contributions receivable	1,118,931
Operating investments	47,880,735
Working capital funds invested with the endowment	<u>81,100,627</u>
	<u>\$ 178,155,014</u>

Separately from the available funds described above, the College's endowment as of May 31, 2024 totaled approximately \$488,201,000 which is comprised of funds without donor restrictions (board designated funds) and funds with donor restrictions of \$176,977,000 and \$311,224,000, respectively. Operating investments, working capital funds invested with the endowment, and the endowment are the primary components of total investments in the accompanying statements of financial position.

NOTE 15 — RELATED PARTY TRANSACTIONS

Other than as described in Note 12, the College has not entered into any transactions with related parties, which materially affect the accompanying financial statements.