KPMG

UNION COLLEGE

Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

UNION COLLEGE

Financial Statements

June 30, 2024 and 2023

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Trustees
Union College:

Opinion

We have audited the financial statements of Union 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 accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

KPMG LLP

Albany, New York
November 11, 2024

UNION COLLEGE

Statements of Financial Position

June 30, 2024 and 2023

Assets		2024	2023
Cash and cash equivalents	$	27,543,193	233,143
Restricted cash		10,055,654	—
Deposits with bond trustees		6,277,966	19,240,385
Pledges receivable, net		77,594,982	55,287,976
Notes and accounts receivable, net		9,800,360	12,556,648
Other assets		9,998,444	5,751,243
Investments		543,176,480	548,734,674
Receivable for investments sold		21,870,228	2,001,090
Beneficial interest in irrevocable trusts		2,277,314	2,165,500
Land, buildings, and equipment, net		277,142,809	271,975,078
Total assets	$	985,737,430	917,945,737
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	16,600,820	20,003,712
Construction costs payable		—	937,906
Deposits and advances		4,271,860	2,629,676
Line of credit – short term		10,000,000	—
Pooled life income and charitable gift annuities payable		3,813,966	3,544,959
Refundable federal student loan funds		39,763	40,015
Accrued postretirement benefits		6,373,168	7,320,852
Other liabilities		1,586,217	1,622,188
Long-term debt, net		181,072,936	168,505,145
Total liabilities		223,758,730	204,604,453
Net assets:			
Without donor restrictions		264,425,329	273,291,437
With donor restrictions		497,553,371	440,049,847
Total net assets		761,978,700	713,341,284
Total liabilities and net assets	$	985,737,430	917,945,737

See accompanying notes to financial statements.

UNION COLLEGE

Statement of Activities

Year ended June 30, 2024
(with summarized information for the year ended June 30, 2023)

	2024 Without donor restrictions	2024 With donor restrictions	2024 Total	2023 Total
Operating activities:				
Revenue:				
Tuition, fees, room and board, net of financial aid	$ 90,629,560	—	90,629,560	90,699,342
Endowment return utilized for operations	26,062,742	—	26,062,742	27,000,559
Other investment and interest income	1,336,544	—	1,336,544	2,009,383
Government grants	3,304,153	7,414	3,311,567	6,046,526
Private gifts and grants	5,964,479	2,154,585	8,119,064	7,138,119
Intercollegiate athletics and other sources	2,361,766	—	2,361,766	3,603,929
Auxiliaries enterprises	2,405,998	—	2,405,998	2,585,657
Net assets released from restrictions	3,561,706	(3,561,706)	—	—
Total revenue	135,626,948	(1,399,707)	134,227,241	139,083,515
Expenses:				
Instructional and departmental research	54,756,979	—	54,756,979	56,847,830
Sponsored research programs	1,498,867	—	1,498,867	903,666
Academic support	15,703,762	—	15,703,762	14,531,960
Student services	11,433,159	—	11,433,159	11,104,644
Institutional support	31,317,547	—	31,317,547	28,596,815
Auxiliaries operations	26,092,274	—	26,092,274	26,833,830
Intercollegiate athletics and other	12,480,933	—	12,480,933	10,781,708
Total expenses	153,283,521	—	153,283,521	149,600,453
Decrease in net assets from operating activities	(17,656,573)	(1,399,707)	(19,056,280)	(10,516,938)
Nonoperating activities:				
Investment return, net of amounts utilized for operations	8,386,612	19,636,671	28,023,283	6,250,934
Private gifts and grants	547,688	38,825,742	39,373,430	5,982,581
Change in value of split-interest agreements	208,619	—	208,619	529,714
Postretirement benefits	317,015	—	317,015	(7,323)
Loss on defeasance of debt	(236,941)	—	(236,941)	—
Other	8,290	—	8,290	3,513
Change in restriction other	(2,754,618)	2,754,618	—	—
Net assets released from restrictions	2,313,800	(2,313,800)	—	—
Increase in net assets from nonoperating activities	8,790,465	58,903,231	67,693,696	12,759,419
(Decrease) increase in net assets	(8,866,108)	57,503,524	48,637,416	2,242,481
Net assets at beginning of year	273,291,437	440,049,847	713,341,284	711,098,803
Net assets at end of year	$ 264,425,329	497,553,371	761,978,700	713,341,284

See accompanying notes to financial statements.

UNION COLLEGE

Statement of Activities

Year ended June 30, 2023

	2023		
	Without donor restrictions	With donor restrictions	Total
Operating activities:			
Revenue:			
Tuition, fees, room and board, net of financial aid	$ 90,699,342	—	90,699,342
Endowment return utilized for operations	27,000,559	—	27,000,559
Other investment and interest income	2,009,383	—	2,009,383
Government grants	6,043,379	3,147	6,046,526
Private gifts and grants	4,869,625	2,268,494	7,138,119
Intercollegiate athletics and other sources	3,603,929	—	3,603,929
Auxiliaries enterprises	2,585,657	—	2,585,657
Net assets released from restrictions	2,792,241	(2,792,241)	—
Total revenue	139,604,115	(520,600)	139,083,515
Expenses:			
Instructional and departmental research	56,847,830	—	56,847,830
Sponsored research programs	903,666	—	903,666
Academic support	14,531,960	—	14,531,960
Student services	11,104,644	—	11,104,644
Institutional support	28,596,815	—	28,596,815
Auxiliaries operations	26,833,830	—	26,833,830
Intercollegiate athletics and other	10,781,708	—	10,781,708
Total expenses	149,600,453	—	149,600,453
Decrease in net assets from operating activities	(9,996,338)	(520,600)	(10,516,938)
Nonoperating activities:			
Investment return, net of amounts utilized for operations	2,281,828	3,969,106	6,250,934
Private gifts and grants	961,968	5,020,613	5,982,581
Change in value of split-interest agreements	529,714	—	529,714
Postretirement benefits	(7,323)	—	(7,323)
Gain on defeasance of debt	—	—	—
Other	3,513	—	3,513
Net assets released from restrictions	3,582,071	(3,582,071)	—
Increase in net assets from nonoperating activities	7,351,771	5,407,648	12,759,419
Decrease in net assets	(2,644,567)	4,887,048	2,242,481
Net assets at beginning of year	275,936,004	435,162,799	711,098,803
Net assets at end of year	$ 273,291,437	440,049,847	713,341,284

See accompanying notes to financial statements.

UNION COLLEGE

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Increase in net assets	$ 48,637,416	2,242,481
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation, reduction in carrying amount of right-of-use assets and change in asset retirement obligations	12,488,259	13,253,337
Realized and unrealized gains from investments, net	(48,284,926)	(30,575,670)
Change in present value of pooled life income annuities payable	—	(83,010)
Contributions for endowment or long-lived assets	(14,396,033)	(18,455,280)
Amortization of deferred issuance costs and discount/premium of long-term debt, net	(307,755)	(307,755)
Gain on sale of equipment	(19,589)	(3,513)
Loss on extinguishment of debt	236,941	—
Changes in assets and liabilities:		
Notes and accounts receivable	3,019,838	(2,752,250)
Pledges receivable, net	(22,307,006)	12,235,086
Irrevocable trusts	(111,814)	3,216
Other assets	(4,485,500)	(1,488,688)
Accounts payable and accrued expenses	(3,402,892)	1,861,041
Deposits and advances	1,642,184	(401,736)
Accrued postretirement benefits	(947,684)	(634,518)
Other liabilities	(220,971)	462,739
Net cash used in operating activities	(28,459,532)	(24,644,520)
Cash flows from investing activities:		
Purchases of investments	(357,073,329)	(208,182,314)
Proceeds from the sales and maturities of investments	391,047,312	199,391,322
Change in deposits with bond trustees	12,962,419	4,034,916
Purchases of land, buildings, and equipment	(18,195,247)	(19,148,547)
Proceeds from the sale of equipment	44,239	7,741
Student loans issued	(1,062,035)	(842,658)
Proceeds from collections of student loans	798,485	891,499
Net cash provided by (used in) investing activities	28,521,844	(23,848,041)
Cash flows from financing activities:		
Decrease in federal student loan funds	(252)	(943,974)
Payments of long-term debt	(7,920,000)	(4,265,000)
Proceeds from issuance of long-term debt	49,465,870	—
Proceeds from borrowing of line of credit	10,000,000	—
Extinguishment of long-term debt	(28,060,000)	—
Debt issuance costs	(847,266)	—
Contributions for:		
Investment in endowment	14,140,413	14,499,335
Investment in long-lived assets	—	3,949,038
Investment in life income and charitable gift annuity agreements	255,620	6,907
Change in charitable gift annuities payable	269,007	(345,065)
Net cash provided by financing activities	37,303,392	12,901,241
Net increase (decrease) cash, cash equivalents and restricted	37,365,704	(35,591,320)
Cash, cash equivalents and restricted cash, beginning of year	233,143	35,824,463
Cash, cash equivalents and restricted cash, end of year	$ 37,598,847	233,143
Reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total above:		
Cash and cash equivalents	$ 27,543,193	233,143
Restricted cash	10,055,654	—
	$ 37,598,847	233,143
Supplemental data:		
Interest paid	$ 8,069,963	7,431,091
Noncash investing and financing activities:		
Change in construction costs payable	$ (937,906)	392,989
Change in receivable for investments sold	19,869,138	(5,018,878)
Right-of-use assets obtained in exchange for operating lease obligations	—	668,955

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Union College (the College) was founded in 1795 and is a coeducational, independent, liberal arts and engineering college located in Schenectady, New York. The College is a scholarly community dedicated to shaping the future and to understanding the past. Faculty, staff and administrators welcome diverse and talented students into the community, work closely with them to provide a broad and deep education, and guide them in finding and cultivating their passions. The College does this with a wide range of disciplines and interdisciplinary programs in Liberal Arts and Engineering, as well as academic, athletic, cultural, and social activities, including opportunities to study abroad and to participate in undergraduate research and community service. The College develops in its students the analytic and reflective abilities needed to become engaged, innovative, and ethical contributors to an increasingly diverse, global and technologically complex society.

(b) Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets having similar characteristics have been classified into the following categories:

- With donor restrictions – Net assets whose use by the College is subject to donor-imposed or legal stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire with the passage of time and those required to be maintained in perpetuity or until prudently appropriated by the Board of Trustees of the College in accordance with New York State law. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets to support program activities, principally financial aid and instruction.
- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the College's Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Unconditional contributions are recognized as contributions receivable at their estimated net present value when pledged. Contributions and investment return with donor-imposed restrictions are reported as revenues and net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the College satisfies the donor-imposed restriction. Contributions with donor restrictions and investment return received and expended for the restricted purpose in the same fiscal year are recorded in net assets without donor restrictions. A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional promises to give are not recognized until they become unconditional, that is, when the barriers on which they depend are met.

The statement of activities reflects a subtotal for the change in net assets from operations. This subtotal reflects revenues the College received for operating purposes, including investment return used for operations, and all expenses. Nonoperating activity reflects all other activity, including, but not limited to, the investment return in excess of the amount appropriated under the Board of Trustees' approved spending formula and contributions for endowment and plant purposes. Amounts also include pension adjustments other than service costs and miscellaneous items not related to the College’s academic or research activities.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Items subject to such estimates and assumptions include the fair value of investments, valuation allowances for receivables and the accrual for postretirement benefits. These estimates and assumptions are based on management’s best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

(d) Cash and Cash Equivalents

Cash and cash equivalents, representing operating funds, include investments with an original maturity of three months or less, unless they are part of deposits with bond trustees or the endowment.

(e) Restricted cash

Restricted cash consists of cash and cash equivalents restricted toward the payment of construction costs in relation to the Mohawk Harbor Hockey Arena.

(f) Other Assets

Other assets consist of prepaid expenses, right-of-use assets, life insurance, and security deposits.

(g) Investments

Investments are reported in the financial statements at fair value. Investment return includes interest income and dividends and net realized and unrealized gains (losses). The fair value of fixed income and publicly traded equity securities is based upon quoted market prices obtained from active markets, or observable prices that are based on inputs not in quoted markets, but corroborated by market data, as applicable. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year. Limited partnership interests, private equity and venture capital, as well as other nonmarketable investments, including hedge funds, for which a readily determinable fair value does not exist, are carried at net asset value or its equivalent (NAV) provided by the investment managers. Such alternative investment funds may hold securities or other financial instruments for which an active 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 an active market existed.

The College utilizes the NAV reported by the managers of each of the alternative investment funds as a practical expedient for estimating the fair value of each investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the College's interests in the funds. Changes to the liquidity provisions of the funds may also significantly impact the fair value of the College's interest in the funds. Additionally, although certain investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the College were to sell a fund in the secondary market, the sale could occur at an amount different from the reported value, and the difference could be material.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. The Investment Committee of the College's Board of Trustees continually monitors investment market conditions and the impact on the College's investment portfolio. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

(h) Irrevocable Trusts

Several donors have established irrevocable trusts whereby the College is a beneficiary, but not the trustee. The present value of the portion of the trusts estimated to be distributable to the College upon the termination of the trusts is recorded as beneficial interest in irrevocable trusts in the statements of financial position.

(i) Land, Buildings, and Equipment, Net

Land, buildings, building improvements, other improvements, and equipment and furniture are recorded at cost, including interest on funds borrowed to finance construction, at the date of acquisition or estimated fair value at the date of donation. Depreciation is recorded using the straight-line method with estimated useful lives used in the calculation of depreciation by major category of assets, with the exception of land and artwork, are as follows:

Buildings	40 years
Building improvements	40 years
Other improvements	10 years
Equipment and furniture:	
Equipment (non-computer) and furniture	10 years
Vehicles	7 years
Computer equipment	3 years
Library books	10 years

(j) Collections (Unaudited)

The College's collections are made up of approximately 36,500 objects and their estimated fair value is approximately $27,500,000 (unaudited). The College's policy is not to capitalize its collections. The College's collections comprise paintings and portraits, furniture, works on paper, scientific instrumentation, and other objects.

The College's collections are held for educational, research, scientific, and curatorial purposes. Each of the items is catalogued, preserved, and cared for, and activities verifying their existence and assessing their condition are performed periodically. All proceeds resulting from the deaccession of objects from the permanent collection are allocated for the maintenance of the collections. During the years ended June 30, 2024 and 2023, no objects were deaccessioned.

(k) Deposits and Advances

Deposits and advances include student fees related to the College's summer session and other unearned revenue. These amounts are recognized as revenue as the services are provided to the students, generally in the following fiscal year.

(l) Refundable Federal Student Loan Funds

This liability represents obligations due to the U.S. Government under the Federal Perkins Loan Program. The College is required to collect the loans on behalf of the federal government. The amount due from the students of $39,863 as of June 30, 2024 and $40,015 as of June 30, 2023 is reported in the College's financial statements as a component of notes receivable. Authority for schools to make new Perkins loans expired on October 1, 2017.

(m) Pooled Life Income and Charitable Gift Annuities Payable

The liability for the present value of the deferred gifts is based upon estimates of the life expectancy of donors and beneficiaries and discount rates. Circumstances affecting these estimates can change the estimate of the liability in future periods. The total amount representing Charitable Gift Annuity Payable at June 30, 2024 and 2023 was $3,214,607 and $3,078,665, respectively.

(n) Revenue Recognition

Revenue from tuition, fees, and housing is recognized as services are provided over the academic term to which it relates. These amounts are presented net of financial aid. Revenue from other exchange transactions, generally presented as auxiliaries enterprises on the accompanying statements of activities, is recognized as revenue when goods or services are provided to customers. Auxiliaries enterprises include sales of food and other dining products (not included with student meal plans), book store revenues, and income from athletics.

Revenue from tuition, fees, student housing, and student meal plans is determined based on published rates, and is billed and reported in the statement of activities net of financial aid. The components of tuition, fees, room and board, net of financial aid include:

		2024	2023
Tuition and fees	$	134,941,295	129,303,513
Room and board		30,358,347	28,367,181
Gross student charges		165,299,642	157,670,694
Less financial aid		(74,670,082)	(66,971,352)
Net student charges	$	90,629,560	90,699,342

Unconditional contributions, including unconditional promises to give, are recognized at fair value as revenue within the appropriate net asset category when the donors' commitments are received. Conversely, unconditional contributions made by the College, including unconditional promises to give, are recognized as expenses in the period in which the commitments are made.

Sponsored activities include various research and instructional programs funded by external parties including the federal government, state governments, and private foundations. Sponsored activities revenue related to exchange contracts is recognized as the College fulfills the terms of the agreements, which generally span less than five years, and sponsored activities revenue related to nonexchange contracts is recognized as the related costs are incurred.

During the year ended June 30, 2023, the College received funds under the Higher Education Emergency Relief Fund (HEERF), which was established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020, and received additional funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) in December 2020 and the American Rescue Plan Act (ARPA) in March 2021. The HEERF grant program provides financial aid to students and higher education institutions to offset the loss of revenue and increased expenses as a result of the COVID-19 pandemic. All HEERF allocations have a student aid portion and an institutional portion and contain minimum student aid spending requirements. The grants are considered conditional contributions with a right of return and barriers to entitlement. The College provided emergency financial aid grants to students of approximately $0 and $392,000 for the years ended June 30, 2024 and 2023, respectively. The total of these student aid and institutional funds are recognized as revenue under Government grants on the statements of activities.

(o) Leases

The College is committed to minimum annual rent payments under several long-term non-cancellable operating leases for laundry, vehicles, and other equipment, with a weighted average remaining lease term of 3.1 and 2.8 years as of June 30, 2024 and 2023, respectively.

Right-of-use assets represent the College's right to use an underlying asset for the lease term. Lease obligations represent the College's liability to make lease payments arising from the lease. Operating lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate (weighted average discount rate of 5.2% for both of the years ended June 30, 2024 and 2023). The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

As of June 30, 2024, right of use assets and operating lease obligations of approximately $444,000 and $439,000 are included in Other assets and Other liabilities, respectively, in the statement of financial position (right of use assets and operating lease obligations of approximately $670,000 and $660,000, respectively, as of June 30, 2023).

(p) Tax Status

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income tax on related income. The College recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the relevant tax authority. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The College believes it has taken no significant uncertain tax positions.

(q) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is possible that a liability has been incurred and the amount can be reasonably estimated. Legal costs associated with loss contingencies are expensed as incurred.

The College is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of any ultimate liability with respect to those actions will not materially affect the College's financial statements.

The College recognizes a liability for the fair value of conditional asset retirement obligations if their fair values can be reasonably estimated. This liability is initially recorded as an increase to the associated asset and depreciated over the remaining useful life of the asset. The College has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement costs are estimated using a per square foot estimate for each impacted location. As of June 30,2024 and 2023, the College has recorded a liability of approximately $1,147,000 and $962,000, respectively, representing the estimated present value of these conditional asset retirement obligations, which is included in Other liabilities in the statements of financial position.

(Continued)

Other conditional asset retirement obligations may exist that are not estimable until a triggering event occurs (e.g., building sold) due to the absence of a range of potential settlement dates. Presently, the College does not have sufficient information to estimate the fair value of these obligations but does not believe these items are material to the College's financial statements.

(2) Financial Assets and Liquidity Resources

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditures, including operating expenses, scheduled principal payments on debt, and capital construction expenditures not financed with debt, include the below:

		2024	2023
Financial assets:			
Cash and cash equivalents	$	27,543,193	233,143
Notes and accounts receivable, net		4,892,003	7,793,054
Pledges receivable, net, undesignated and collectible within one year		251,553	309,248
Subsequent year board approved endowment appropriation		32,849,905	27,501,818
Total financial assets available within one year	$	65,536,654	35,837,263

The College's working capital and cash flows have seasonal variations due to the timing of student billing as well as a concentration of contributions received at calendar and fiscal year end. To manage liquidity, the College operates with a balanced budget on a cash flow basis in accordance with policies approved by the Board of Trustees. In addition to the liquidity resources stated in the above table, the College also has a revolving line of credit of $30,000,000 for working capital needs.

Additionally, as of June 30, 2024, the College has $155,872,342 in quasi endowment which can be made available for general expenditure with approval from the Board of Trustees, subject to investment liquidity provisions. The College also anticipates collection of approximately $16,700,000 of amounts currently included in pledges receivable within the next year, which are restricted by the donors for specific designated purposes, construction projects and endowment.

(3) Pledges Receivable, Net

Pledges receivable are expected to be collected as follows at June 30:

		2024	2023
Within one year	$	17,014,455	14,178,311
Between one year and five years		42,035,223	30,505,158
Greater than five years		27,530,114	12,161,214
Gross Pledges Receivable		86,579,792	56,844,683
Less:			
Present value discount (0.29%–4.92%)		8,906,718	1,340,911
Allowance for doubtful pledges		78,092	215,796
Pledges Receivable, Net	$	77,594,982	55,287,976

(4) Notes and Accounts Receivable, Net

The College extends credit, primarily to students, in the form of notes and accounts receivable for educational expenses. Notes receivable for student loans are expected to be collected within 10 years and interest rates average approximately 6%.

Notes receivable are recorded at their current unpaid principal balance and associated interest income is accrued based on the principal amount outstanding and applicable interest rates. An allowance for doubtful accounts is recorded, which represents the amount which, in the opinion of management of the College, is necessary to account for probable losses related to current notes receivable. This allowance is determined based upon numerous considerations, including economic conditions, the specific composition of the notes receivable balance, as well as trends of delinquencies and write-offs. On a periodic basis, these factors are considered and the allowance for doubtful accounts is adjusted accordingly with a corresponding adjustment to the provision for allowance for doubtful notes and accounts receivable.

Notes and accounts receivable consist of the following at June 30:

		2024	2023
Notes receivable	$	7,023,648	6,782,299
Accounts receivable		4,523,245	7,379,546
		11,546,893	14,161,845
Less allowance for doubtful accounts		1,746,533	1,605,197
	$	9,800,360	12,556,648

Accounts and loans receivable are stated net of allowance for expected credit losses based on historical experience, current economic conditions, and reasonable and supportable forecasts.

(5) Investments and Fair Value

(a) Basis of Reporting

Investments include endowment, charitable gift annuities, pooled life income funds, and unrestricted operating investments. Investments are reported at estimated fair value.

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Except for investments reported at NAV as a practical expedient to estimate fair value, the College uses a three-tiered hierarchy to categorize those assets and liabilities carried at fair value based on the valuation methodologies employed. Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.
- Level 2 valuation based on observable prices that are based on inputs not quoted in active markets, but corroborated by market data for identical assets or liabilities.
- Level 3 valuation based on unobservable inputs that are used when little or no market data is available.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The College utilizes valuation techniques that maximize the use of observable inputs and minimizes the use of unobservable inputs to the extent possible. Transfers between categories occur when there is an event that changes the inputs used to measure the fair value of an asset or liability. Transfers between fair value categories are recognized at the end of the reporting period when occurred.

Receivable for investments sold represents amounts receivable from unsettled sales and is classified as Level 1 in the fair value hierarchy.

(Continued)

The College's investments as of June 30, 2024, are summarized in the following table:

	Total	Level 1	Level 2	Level 3	Redemption frequency	Days' notice
Investments measured at fair value:						
Cash equivalents	$ 45,568,874	45,568,874	—	—	Daily	1
Short-term investments	4,905,033	4,905,033	—	—	Daily	1
Common stocks and mutual funds	99,943,816	99,943,816	—	—	Daily	1
Fixed income – bonds	10,979,180	10,979,180	—	—	Daily	1
Mortgages and other	55,165	—	55,165	—	Daily	1
Real assets	6,815,813	—	—	6,815,813	Illiquid	N/A
Assets held in beneficial trusts	4,915,239	4,530,014	385,225	—	Illiquid	N/A
Total investments at fair value	173,183,120	$ 165,926,917	440,390	6,815,813		
Investments measured at NAV:						
Commingled funds:						
International equities	18,967,032				Monthly – Illiquid	10–N/A
Global equities	97,040,292				Monthly – 3 years	7-60
Private equity and venture capital	90,448,847				Illiquid	N/A
Multistrategy funds	36,886,611				Quarterly – Illiquid	45–N/A
Hedged equity funds	77,341,304				Monthly – Illiquid	60–N/A
Emerging markets funds	18,037,284				Monthly – Quarterly	60
Real assets	31,271,990				Illiquid	N/A
Total investments measured at NAV	369,993,360					
Total investments	$ 543,176,480					

(Continued)

The College's investments as of June 30, 2023, are summarized in the following table:

	Total	Level 1	Level 2	Level 3	Redemption frequency	Days' notice
Investments measured at fair value:						
Cash equivalents	$ 49,892,462	49,892,462	—	—	Daily	1
Short-term investments	5,225,733	5,225,733	—	—	Daily	1
Common stocks and mutual funds	65,551,116	65,551,116	—	—	Daily	4
Fixed income – bonds	27,301,101	27,301,101	—	—	Daily	1
Mortgages and other	75,436	—	75,436	—	Daily	1
Real assets	5,718,268	—	—	5,718,268	Illiquid	N/A
Assets held in beneficial trusts	4,548,955	4,181,370	367,585	—	Illiquid	N/A
Total investments at fair value	158,313,071	$ 152,151,782	443,021	5,718,268		
Investments measured at NAV:						
Commingled funds:						
International equities	49,486,264				Monthly – Quarterly	10–60
Global equities	79,596,885				Monthly – 3 years	7–60
Private equity and venture capital	86,997,472				Illiquid	N/A
Multistrategy funds	41,964,631				Annual – Illiquid	45–N/A
Hedged equity funds	77,212,479				Monthly – Illiquid	60–N/A
Emerging markets funds	22,773,648				Monthly – Quarterly	60
Real assets	32,390,224				Illiquid	N/A
Total investments measured at NAV	390,421,603					
Total investments	$ 548,734,674					

There were no changes in methodologies used at June 30, 2024 and 2023. Level 3 investments at June 30, 2024 and 2023 represent fund holdings with underlying investments in income producing real estate. Significant unobservable inputs related to these investments include capitalization rates applied to trailing net operating income, which are determined by comparing to similar properties and transactions based on factors such as market, age, and quality, and third-party brokers' opinions of value.

(b) Liquidity and Commitments

The limitations and restrictions on the College's ability to redeem or sell these investments vary by investment and range from required notice periods (generally 30 to 180 days after initial lock-up periods) for certain limited partnership and hedge funds, to specified terms at inception (generally 10 years) associated with private equity and venture capital interests.

Based upon the terms and conditions in effect at June 30, 2024, the College's investment funds can be redeemed or sold as follows:

Investments redemption period:		
Daily	$	161,402,070
Monthly		63,834,631
Quarterly		74,585,010
Semi-annual		39,777,645
Annual		3,499,775
1 year		55,899,253
3 years		9,830,945
Locked-up until liquidated		134,347,151
Total	$	543,176,480

Investment funds that are in the locked-up until liquidated category are primarily related to private equity and venture capital investments. The period of time until liquidation is not necessarily determinable by management, as liquidation terms are at the discretion of the applicable fund's investment manager subject to market conditions and the underlying complexities of the individual investments. These liquidity restrictions have been in effect since the initial purchase of the applicable funds.

Under the terms of certain limited partnership agreements, the College is obligated periodically to advance additional funding for certain funds that the College is invested in. At June 30, 2024, the College had commitments of approximately $57,100,000 due through 2034, for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses. The College maintains sufficient liquidity in its investment portfolio to cover such calls.

(c) Investment Return

The College utilizes an endowment spending policy that emphasizes total return. Total return consists of current yield (primarily interest and dividends) as well as the realized and unrealized gains and losses of pooled investments. The College's Board of Trustees designates a portion of the College's total investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The pooled endowment total return for the years ended June 30, 2024 and 2023, was approximately 11.1% and 6.6%, respectively.

The following schedule summarizes the investment return and its classification in the statements of activities:

		2024	2023
Interest income and dividends, net of fees	$	7,120,677	4,685,206
Net realized and unrealized gains		48,301,892	30,575,670
Total return on investments		55,422,569	35,260,876
Investment return designated for current operations		(26,062,742)	(27,000,559)
Other operating interest and investment income		(1,336,544)	(2,009,383)
Investment return net of amounts designated for current operations	$	28,023,283	6,250,934

(6) Endowment

The College's endowment and similar funds consist of gifts restricted by donors, net assets without donor restrictions designated by management and the Board of Trustees for long-term support of the College's activities, and the accumulated investment return on these gifts and designated assets. Accumulated investment return consists of total endowment net investment return that has not been appropriated by the Board of Trustees for expenditure to support the operating activities of the College. Generally, only a portion of accumulated net investment return is made available for spending each year in accordance with an endowment utilization policy approved by the Board of Trustees and in accordance with the laws of the State of New York.

College designated endowment funds are net assets without donor restrictions that may be re-designated for authorized expenditures. At June 30, 2024 and 2023, endowment and similar funds balances are approximately $567,500,000 and $522,100,000, respectively, which includes pooled endowment net assets of approximately $539,300,000 and $496,300,000, respectively.

The College follows the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA) in the management of its endowment. The College has interpreted NYPMIFA as allowing the College to spend or accumulate the amount of an endowment fund that the College determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The College classifies as net assets with donor restrictions (a) the original values of gifts donated to permanent endowments, (b) the original values of subsequent gifts to permanent endowments, (c) accumulations to permanent endowments made in accordance with the directions of the applicable donors' gift instruments at the times the accumulations are added to the funds, and (d) unspent endowment earnings until those amounts are appropriated for spending by the College's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Investment Committee of the College's Board of Trustees considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the College and the endowment fund
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of the College
- Where appropriate and where circumstances would otherwise warrant, alternatives to expenditure of and endowment fund, giving due consideration to the effect that such alternatives may have on the College
- The investment policies of the College

Total endowment net assets are classified as follows at June 30:

		2024		
		Without donor restrictions	**With donor restrictions**	**Total**
Donor restricted	$	—	411,595,314	411,595,314
Board designated		155,872,342	—	155,872,342
Total	$	155,872,342	411,595,314	567,467,656

		2023		
		Without donor restrictions	**With donor restrictions**	**Total**
Donor restricted	$	—	375,462,193	375,462,193
Board designated		146,662,970	—	146,662,970
Total	$	146,662,970	375,462,193	522,125,163

The following is a summary of the changes in endowment net assets for the year ended June 30, 2024:

	Without donor restrictions	With donor restrictions	Total
Pooled endowment net assets, June 30, 2023	$ 137,422,016	358,895,710	496,317,726
Investment return, net of fees	14,211,711	37,386,978	51,598,689
Contributions (excluding pledges)	535,613	13,604,800	14,140,413
Amounts appropriated for expenditure	(7,769,395)	(17,790,307)	(25,559,702)
Other changes and reclassifications	13,006	2,754,618	2,767,624
Pooled endowment net assets, June 30, 2024	144,412,951	394,851,799	539,264,750
Other endowment and similar net assets, June 30, 2023	9,240,954	16,566,483	25,807,437
Investment return, net of fees	2,447,336	40,000	2,487,336
Contributions (excluding pledges)	—	255,620	255,620
Amounts appropriated for expenditure	(503,040)	—	(503,040)
Actuarial adjustments	647,041	—	647,041
Expired contracts	—	(118,588)	(118,588)
Other changes and reclassifications	(372,900)	—	(372,900)
Other endowment and similar net assets, June 30, 2024	11,459,391	16,743,515	28,202,906
Total endowment and similar net assets, June 30, 2024	$ 155,872,342	411,595,314	567,467,656

The following is a summary of the changes in endowment net assets for the year ended June 30, 2023:

		Without donor restrictions	With donor restrictions	Total
Pooled endowment net assets, June 30, 2022	$	135,695,938	340,611,169	476,307,107
Investment return, net of fees		9,020,326	22,810,416	31,830,742
Contributions (excluding pledges)		571,900	13,927,435	14,499,335
Amounts appropriated for expenditure		(7,866,148)	(18,453,310)	(26,319,458)
Pooled endowment net assets, June 30, 2023		137,422,016	358,895,710	496,317,726
Other endowment and similar net assets, June 30, 2022		7,586,308	17,902,798	25,489,106
Investment return, net of fees		1,808,751	(388,000)	1,420,751
Contributions (excluding pledges)		—	6,907	6,907
Amounts appropriated for expenditure		(681,101)	—	(681,101)
Actuarial adjustments		109,382	—	109,382
Expired contracts		—	(955,222)	(955,222)
Other changes and reclassifications		417,614	—	417,614
Other endowment and similar net assets, June 30, 2023		9,240,954	16,566,483	25,807,437
Total endowment and similar net assets, June 30, 2023	$	146,662,970	375,462,193	522,125,163

(a) Spending Policy

The College has a policy of appropriating for distribution to the budget each year a percentage of its pooled endowment based on the three-year average market value as of June 30, with a one-year lag. For the year ended June 30, 2024, the three fiscal years used in the calculation are the fiscal years ended June 30, 2020, 2021, and 2022. For the year ended June 30, 2023, the three fiscal years used in the calculation are the fiscal years ended June 30, 2019, 2020, and 2021.

The total pooled endowment spending was 6.0% and 6.0% for the fiscal years ended June 30, 2024 and 2023, respectively.

(b) Return Objectives and Risk Parameters

Investment objectives focus on generating a return sufficient to cover the spending rate, inflation, and the preservation of the purchasing power of the endowment while minimizing investment risk in the portfolio. The College is committed to a long-term investment policy that is based on balancing principles of strong growth over time, diversity of the portfolio, liquidity for the annual draw, and benchmarking against market indices and appropriate peer schools. Growth in the endowment depends on contributions to the endowment from capital campaigns, the success of investment management, and the rate at which income is withdrawn from the endowment in support of the

College's operating budget. The Investment Committee of the College's Board of Trustees meets quarterly to discuss various issues such as investment performance, market outlook, and liquidity needs.

(c) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (underwater). When underwater endowment funds exist, they are classified as a reduction of net assets with donor restrictions. Deficiencies of this nature exist in 27 donor-restricted endowment funds, which together have an original gift value of approximately $5,572,000, a current fair value of $5,371,000 and a deficiency of $202,000 as of June 30, 2024. As of June 30, 2023, deficiencies of this nature existed in 89 donor restricted endowment funds, which together have an original gift value of approximately $34,443,000, a current fair value of $32,295,000, and a deficiency of $2,148,000. These deficiencies generally resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs for which donor permission was received as required by NYPMIFA and as was deemed prudent by the Board of Trustees.

For funds that are underwater, the gap between the current income and the spending formula is covered through appropriations from other board designated endowments and accumulated realized gains on these board designated endowments or other funds without donor restrictions.

(7) Land, Buildings, and Equipment

The following is a summary of land, buildings, and equipment at June 30:

		2024	2023
Land	$	101	101
Buildings		137,895,883	167,912,643
Building and other improvements		225,750,853	245,341,586
Equipment and furniture		26,918,377	112,965,854
Library books		5,132,188	41,824,238
Construction in progress		19,693,421	12,954,048
Artwork		1,110,708	1,217,708
		416,501,531	582,216,178
Less accumulated depreciation		(139,358,722)	(310,241,100)
	$	277,142,809	271,975,078

Capitalized interest was $117,315 and $0 during the years ended June 30, 2024 and 2023, respectively. Depreciation expense was $12,539,298 and $12,592,957 for the years ended June 30, 2024 and 2023, respectively. For the years ended June 30, 2024 and 2023, fixed assets (original cost) disposed were $243,819 and $190,254, respectively, resulting in gains on disposal of $19,589 and $3,513, respectively.

Buildings, building and other improvements, and library books with the original cost of $182,866,453 and accumulated depreciation of $183,052,126 were deemed to be no longer in use and were disposed as of June 30, 2024.

During the fiscal year management went through a reconciliation process and updated the categories to properly reflect the underlying assets.

At June 30, 2024 and 2023, the College has outstanding contracts totaling approximately $14,283,000 and $15,122,000, respectively, related to several projects expected to be completed within the next year.

(8) Long-Term Debt

The following is a summary of long-term debt, including associated premiums, discounts, and deferred costs of issuance:

	Maturity date	Interest rate	Outstanding at June 30 2024	Outstanding at June 30 2023
2013 Taxable Bonds – M&T Trust Company	November 15, 2043	5.45 %	$ 40,410,000	40,410,000
2015 Taxable Bonds – M&T Trust Company	July 1, 2036	4.88 %	10,215,000	10,215,000
2015A Taxable Bonds – M&T Trust Company	July 1, 2031	3.25% – 4.35%	—	21,780,000
2017 Tax-exempt Bond – M&T Trust Company	January 1, 2047	5.00 %	40,835,000	55,035,000
2022 Tax-exempt Bonds – M&T Trust Company	July 1, 2052	5.00% – 5.25%	32,485,000	32,485,000
2024 Tax-exempt Bond – M&T Trust Company	July 1, 2038	5.00%	22,055,000	—
2024 Taxable Bonds – M&T Trust Company	July 1, 2044	5.63%	24,880,000	—
Total long-term debt – principal			170,880,000	159,925,000
Add unamortized bond premiums			14,522,441	11,735,787
Less unamortized bond discounts			(1,445,243)	(902,405)
Less deferred cost of issuance			(2,884,262)	(2,253,237)
Total long-term debt, net			$ 181,072,936	168,505,145

Interest expense on long-term debt was $7,959,790 and $8,291,552 for 2024 and 2023.

Proceeds of long-term debt have been used by the College to primarily finance building and construction programs. The College is required to maintain various reserve accounts in conjunction with the debt agreements that are reported as deposits with bond trustees on the statements of financial position. Deposits with bond trustees are classified as Level 1 in the fair value hierarchy.

In November 2013, the College borrowed $40,410,000 through taxable financing, with JPMorgan acting as the underwriter. The debt was used for the project costs of various building renovation/construction. The final maturity of the bond will be November 15, 2043 with a balloon payment due.

In June 2015, the College borrowed $10,215,000 through taxable financing, with JPMorgan acting as the underwriter. The debt was used for the project costs of various building renovation/construction. The final maturity of the bond will be July 1, 2036 with a balloon payment due.

In October 2015, the College borrowed $28,325,000 through taxable financing, with JPMorgan Chase acting as the underwriter. The debt was used to refinance amounts outstanding on prior debt issue. The original final maturity of the bond is July 1, 2031. This debt was refunded in June 2024 in connection with the $22,055,000 bond issuance described below. There was no balance outstanding at June 30, 2024.

In April 2017, the College borrowed $74,702,514 through the Schenectady County Capital Resource Corporation, utilizing a tax-exempt revenue bond. $50,000,000 of the debt was used toward the financing of the renovation/construction of the Science and Engineering Center. $15,300,000 was used to refund Series 2010 bonds. The remaining amount of the debt proceeds was used to fund the Capitalized Interest Fund in the amount of $7,900,000, as well as costs of issuance. The final maturity of the bond will be January 1, 2047. The bonds were issued at a premium of approximately $10,000,000. This debt was partially refunded in June 2024 in connection with the $24,880,000 bond issuance described below.

In June 2022, the College borrowed $32,485,000 through the Schenectady County Capital Resource Corporation, utilizing a tax-exempt revenue bond. $19,921,000 of the debt was used for the project costs of various building renovation and deferred maintenance. Approximately $15,558,000 was used to refund the Series 2012 bonds, which included the outstanding principal balance and accrued interest. The remaining amount of the debt proceeds was used for costs of issuance. The final maturity of the bond will be July 1, 2052. The bonds were issued at a premium of approximately $3,655,000.

In June 2024, the College borrowed $22,055,000 through the Schenectady County Capital Resource Corporation, utilizing a tax-exempt revenue bond. $5,000,000 of the debt will be used to finance certain capital improvement projects on the College’s campus and certain future lease payments with respect to the Mohawk Harbor Hockey Arena. Approximately $19,928,000 of the tax-exempt debt was used to refund the Series 2015A bonds, which included approximately $19,560,000 of outstanding principal balance and $368,000 of accrued interest. The remaining amount of the debt proceeds was used for cost of issuance. The final maturity of the bond will be July 1, 2038. The bonds were issued at a premium of approximately $3,258,000.

In June 2024, the College borrowed $24,880,000 through the Schenectady County Capital Resource Corporation, utilizing a taxable revenue. $15,000,000 of the debt will be used to finance certain capital improvement projects on the College’s campus and certain future lease payments with respect to the Mohawk Harbor Hockey Arena. Approximately $8,693,000 of the taxable debt was used to refund a portion of the Series 2017 bonds, which included approximately $8,500,000 of outstanding principal balance and $193,000 of accrued interest. The remaining amount of the debt proceeds was used for cost of issuance. The final maturity of the bond will be July 1, 2044. The bonds were issued at a discount of approximately $727,000.

Principal payments and maturities of long-term debt at June 30, 2024 are summarized as follows:

2025	$	—
2026		—
2027		—
2028		—
2029		—
Thereafter		170,880,000
Principal maturities	$	170,880,000

Lines of Credit

In June 2022, the College entered into a revolving line of credit in the amount of $30,000,000 with NBT Bank, which expires on December 31, 2025. Each outstanding advance under the line of credit will accrue interest at a variable rate equal to the 1 month term secured overnight financing rate plus 1.25% at June 30, 2024, and June 30, 2023. Under the terms of the agreement, the College shall also maintain a balance of $15,000,000 with NBT Bank or affiliates.

For the years ended June 30, 2024 and 2023, there was a balance of $10,000,000 and $0, respectively, outstanding on the line of credit.

(9) Benefit Plans

(a) Retirement Plan

The College has a defined contribution retirement plan under arrangements with Teachers' Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) and Fidelity, which provide for purchases of annuities and investments for all of its faculty members and nonacademic employees.

The College's contribution expense under this plan was approximately $6,185,000 and $6,085,000 for the years ended June 30, 2024 and 2023, respectively.

(b) Postretirement Healthcare Plan

The College has also elected to pay for a portion of healthcare benefits for retired employees based upon years of service at retirement date. The College recognizes the cost of healthcare benefits on an accrual basis over the working lifetime of employees.

The College provides health insurance benefits for eligible employees upon retirement and recognizes the underfunded status of a defined benefit postretirement plan as an asset or liability and recognizes changes in that funded status in the year they occur. The College uses a June 30 measurement date for its postretirement healthcare plan (the Plan).

The Plan's funded status, amounts recognized, significant assumptions used, contributions made, and benefits paid as of and for the years ended June 30, 2024 and 2023 are as follows:

		2024	2023
Change in benefit obligations:			
Benefit obligation at beginning of year	$	7,320,852	7,955,370
Service cost		287,702	329,507
Interest cost		304,198	301,902
Actuarial gain		(621,213)	(294,579)
Benefits paid		(918,371)	(971,348)
Benefit obligation at end of year	$	6,373,168	7,320,852

There are no plan assets as of June 30, 2024 and 2023. All assets contributed to the plan were used to pay for benefits.

		2024	2023
Accrued benefit cost:			
Funded status	$	(6,373,168)	(7,320,852)
Weighted average assumptions as of June 30:			
Discount rate – benefit obligation		5.11 %	4.78 %
Discount rate – periodic postretirement benefit cost		4.78	4.03

For measurement purposes, a 5.90% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2024. The rate was assumed to increase to 6.50% for 2025, and then decrease gradually from 5.90% to 3.70% for 2026 and thereafter.

		2024	2023
Components of net periodic benefit cost:			
Service cost	$	287,702	329,507
Interest cost		304,198	301,902
Amortization of actuarial loss		—	44,063
Amortization of prior service credit		(344,974)	(344,974)
Net periodic postretirement benefit cost	$	246,926	330,498

(Continued)

Amounts recorded in net assets without donor restrictions as of June 30, 2024 and 2023, but not yet amortized as components of net periodic benefit costs are as follows:

		2024	2023
Unamortized prior service credit	$	65,542	410,516
Unamortized actuarial loss		(177,058)	(798,271)
Amount recognized as a decrease in net assets without donor restrictions	$	(111,516)	(387,755)

The amortization of the above items expected to be recognized in net periodic costs for the year ending June 30, 2024 is $66,000.

The following benefit payments, which reflect expected future service and the impact of the Medicare Part D subsidy, as appropriate, are expected to be paid:

		benefit payments
2025	$	827,276
2026		845,941
2027		863,402
2028		764,822
2029		678,133
2030–2034		3,212,854
Total	$	7,192,428

(10) Net Assets

Net assets consist of the following at June 30:

		2024	2023
With donor restrictions:			
Pledges for instruction, scholarship, facilities, and other departmental support	$	77,594,982	55,287,976
Capital projects		101,170	350,000
Pooled endowments		394,851,799	358,895,710
Life income and annuity agreements		1,936,554	1,735,713
Funds in trust and other nonpooled endowments		14,806,961	14,830,770
Annual restricted scholarships and other funds		8,261,905	8,949,678
Total	$	497,553,371	440,049,847
Without donor restrictions:			
Operating, plant and other	$	108,552,987	126,628,467
Quasi endowments		155,872,342	146,662,970
Total	$	264,425,329	273,291,437

Quasi endowments without donor restrictions comprise amounts designated by the Board of Trustees to function as an endowment.

(11) Natural Expenses

The College's primary program service is undergraduate instruction. Expenses related to academic support, student services, intuitional support, and auxiliaries are incurred in the support of this primary program activity. Operating expenses presented by natural and functional classification are as follows for the fiscal years ended June 30:

		2024						
		Salaries and wages	Benefits	Supplies and services	Depreciation and amortization	Interest	Utilities, maintenance and other	Total
Instructional and departmental research	$	28,769,240	10,042,178	7,612,469	3,198,929	3,174,011	1,960,152	54,756,979
Sponsored research programs		385,575	134,589	978,703	—	—	—	1,498,867
Academic support		6,656,513	2,323,520	3,460,495	707,339	771,104	1,784,791	15,703,762
Student services		4,986,965	1,740,748	3,510,624	715,628	180,802	298,392	11,433,159
Institutional support		13,926,908	4,861,320	9,202,262	1,803,714	713,873	809,470	31,317,547
Auxiliaries operations		4,808,692	1,678,520	10,257,894	4,706,915	2,661,148	1,979,105	26,092,274
Intercollegiate athletics and other		4,914,802	1,715,559	3,611,075	1,355,733	503,221	380,543	12,480,933
Total expenses	$	64,448,695	22,496,434	38,633,522	12,488,258	8,004,159	7,212,453	153,283,521

	2023						
	Salaries and wages	**Benefits**	**Supplies and services**	**Depreciation and amortization**	**Interest**	**Utilities, maintenance and other**	**Total**
Instructional and departmental research	$ 29,119,236	9,936,715	9,434,189	3,405,500	3,380,479	1,571,711	56,847,830
Sponsored research programs	270,125	92,178	541,363	—	—	—	903,666
Academic support	5,887,962	2,009,222	3,054,882	753,244	777,883	2,048,767	14,531,960
Student services	4,760,244	1,624,397	3,615,758	746,232	185,321	172,692	11,104,644
Institutional support	13,944,793	4,758,553	7,124,304	1,920,771	728,561	119,833	28,596,815
Auxiliaries operations	5,150,937	1,757,718	9,766,648	4,983,873	2,744,866	2,429,788	26,833,830
Intercollegiate athletics and other	4,667,821	1,592,858	2,305,994	1,443,717	516,214	255,104	10,781,708
Total expenses	$ 63,801,118	21,771,641	35,843,138	13,253,337	8,333,324	6,597,895	149,600,453

Depreciation, utilities and maintenance costs, interest expense, and employee benefits are allocated to the functional expense categories reported within the operating section of the statements of activities. Depreciation and utilities and maintenance costs are allocated based upon the estimated use of facilities and equipment. Interest expense is allocated based on specific identification of the use of debt proceeds. Employee benefits are allocated based on related salary expense.

Expenses associated with fundraising activities of the College were approximately $4,144,000 and $3,895,000 in 2024 and 2023, respectively, and are included in institutional support. Costs incurred include expenses related to solicitation activities to obtain gifts and bequests, as well as special cultivation events that may result in contributions that will be received in future periods.

(12) Related Parties

The Alumni Council of Union College, Inc. (the Alumni Council) was formed to provide structure for the alumni of the College to participate in and advance the interest of the College. The Alumni Council is classified as a tax-exempt organization under Internal Revenue Code (Code) Section 501(c)(3) and as a supporting organization under Code Section 509(a)(3). During the year ended June 30, 2024, the College provided approximately $87,725 in support to the Alumni Council for various events and expenses ($86,246 during the year ended June 30, 2023). The Alumni Council similarly supports College-sponsored alumni events and outreach. The College received $83,000 and $85,947 from the Alumni Council during the years ended June 30, 2024 and 2023, respectively.

From time to time, within the normal course of operations, the College receives contributions, both in the form of cash and promises to give (pledges), from members of the College's Board of Trustees. Such trustees are not part of the College's management team and do not have a significant business relationship with the College.

(Continued)

The College has investments in funds where members of the Board of Trustees serve as a manager, director, or partner. These investments include limited partnerships that provide investment management services for a portion of the College's absolute return portfolio and several funds for cash and cash equivalents. These investments were made in compliance with the College's conflict of interest policy. As of June 30, 2024, the College held $2,745,455 in these funds, which are included in the College's long-term investment portfolio. The College has an outstanding commitment of $1,873,453 to contribute or invest additional funds to these investments. The College took measures to mitigate any actual or perceived conflict, including requiring that these transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and in the best interest of the College and in accordance with applicable conflict of interest laws.

(13) Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2024 and through November 11, 2024, the date on which the financial statements were issued. There were no additional matters that required adjustment to or disclosure in the financial statements.