CHAMPLAIN COLLEGE INCORPORATED

Consolidated Financial Statements

June 30, 2024
(with comparative information for June 30, 2023)

(With Independent Auditors' Report Thereon)

CHAMPLAIN COLLEGE INCORPORATED

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Trustees
Champlain College Incorporated:

Opinion

We have audited the consolidated financial statements of Champlain College Incorporated (the College), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 consolidated 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.

Report on Summarized Comparative Information

We have previously audited the College's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

Boston, Massachusetts
October 16, 2024

CHAMPLAIN COLLEGE INCORPORATED

Consolidated Statement of Financial Position

June 30, 2024
(with comparative information as of June 30, 2023)

Assets		**2024**	**2023**
Cash and cash equivalents	$	4,944,240	7,202,297
Accounts receivable		1,876,256	1,736,537
Inventories, prepaid and other assets		2,525,594	2,245,009
Contributions receivable, net (note 4)		9,853,705	5,262,727
Investments, at fair value (note 5)		61,114,752	64,356,439
Loans receivable, net of allowance for doubtful loans of $22,882 in 2024 and 2023		204,140	419,513
Assets held in charitable remainder trusts (note 5)		1,580,355	1,507,078
Land, buildings, and equipment, net (note 6)		131,975,771	135,755,852
Total assets	$	214,074,813	218,485,452
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	$	8,337,341	7,996,760
Deferred income		5,129,346	6,094,054
Liabilities under trust and annuity agreements		690,512	692,733
Bonds, mortgages and notes payable (note 7)		66,544,020	68,149,364
Refundable advances – U.S. government grants		311,655	436,246
Total liabilities		81,012,874	83,369,157
Commitments and contingencies (note 13)			
Net assets:			
Without donor restrictions		89,528,391	98,395,221
With donor restrictions (note 8)		43,533,548	36,721,074
Total net assets		133,061,939	135,116,295
Total liabilities and net assets	$	214,074,813	218,485,452

See accompanying notes to consolidated financial statements.

CHAMPLAIN COLLEGE INCORPORATED

Consolidated Statement of Activities

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

	2024			2023
	Without donor restrictions	With donor restrictions	Total	Total
Operating revenues and other support:				
Student charges:				
Tuition and fees, net of financial aid of $43,432,963 in 2024 and $40,955,436 in 2023	$ 51,559,601	—	51,559,601	50,684,599
Dormitory and dining	22,183,525	—	22,183,525	19,802,490
Net student charges	73,743,126	—	73,743,126	70,487,089
Grants and sponsored activities	2,082,877	—	2,082,877	2,220,997
Contributions	571,965	—	571,965	701,346
Investment income (note 5)	2,252,302	—	2,252,302	212,548
Long-term investment income, net, used in operations (note 5)	1,401,278	—	1,401,278	1,412,362
Other sources	5,548,717	—	5,548,717	3,019,133
Net assets released from restrictions (note 9)	7,769,700	—	7,769,700	1,646,923
Total operating revenues and other support	93,369,965	—	93,369,965	79,700,398
Operating expenses (note 12):				
Salaries and benefits	54,199,099	—	54,199,099	50,296,408
Occupancy and related expenses	7,680,363	—	7,680,363	7,274,259
Supplies and services	14,517,654	—	14,517,654	15,928,141
Depreciation and interest	9,348,160	—	9,348,160	9,378,424
Travel, insurance and other expenses	10,833,244	—	10,833,244	8,239,139
Total operating expenses	96,578,520	—	96,578,520	91,116,371
Change in net assets from operations	(3,208,555)	—	(3,208,555)	(11,415,973)
Nonoperating activity:				
Gifts and contributions not used in operations	—	6,619,318	6,619,318	6,016,824
Long-term investment gain (note 5)	65,636	3,258,481	3,324,117	5,187,297
Investment income used in operations (note 5)	(49,972)	(1,351,306)	(1,401,278)	(1,412,362)
Other nonoperating revenue (costs)	232,032	—	232,032	(441,639)
Gain on sale of assets	4,500	—	4,500	17,500
Change in value of split-interest agreements	(10,471)	155,681	145,210	36,769
Net assets released from restrictions (note 9)	(5,900,000)	(1,869,700)	(7,769,700)	(1,646,923)
Change in net assets from nonoperating activity	(5,658,275)	6,812,474	1,154,199	7,757,466
Change in net assets	(8,866,830)	6,812,474	(2,054,356)	(3,658,507)
Net assets at beginning of year	98,395,221	36,721,074	135,116,295	138,774,802
Net assets at end of year	$ 89,528,391	43,533,548	133,061,939	135,116,295

See accompanying notes to consolidated financial statements.

CHAMPLAIN COLLEGE INCORPORATED

Consolidated Statement of Cash Flows

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

		2024	2023
Cash flows from operating activities:			
Change in net assets	$	(2,054,356)	(3,658,507)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:			
Depreciation		6,178,782	6,149,351
Amortization of bond premium and debt issuance costs		(84,044)	(84,044)
Gain on sale of assets		(4,500)	(17,500)
Provision for losses on contributions receivable		530,509	316,646
Net realized and unrealized gains on investments		(2,404,655)	(2,886,713)
Contributions received designated for long-term investment and investment in plant		(272,050)	(1,122,637)
Change in accounts receivable		(139,719)	(399,096)
Change in inventories, prepaid and other assets		(280,585)	(87,389)
Change in assets held in charitable remainder trusts		(73,277)	(31,285)
Change in contributions receivable		(5,121,487)	(3,443,309)
Change in accounts payable and accrued liabilities		(68,119)	(488,071)
Change in deferred income		(964,708)	118,420
Change in liabilities under trust and annuity agreements		(2,221)	5,996
Net cash used in operating activities		(4,760,430)	(5,628,138)
Cash flows from investing activities:			
Purchases of land, buildings, and equipment		(1,990,001)	(7,469,769)
Purchases of investments and maturities		(67,155,670)	(45,996,649)
Proceeds from sales of maturities and investments		70,773,710	49,701,339
Repayments on loans to students		215,373	271,234
Proceeds on the sale of assets		4,500	17,500
Net cash provided by (used in) investing activities		1,847,912	(3,476,345)
Cash flows from financing activities:			
Contributions received designated for long-term investment and investment in plant		272,050	1,122,637
Refundable advances of government grants		(124,591)	(217,510)
Repayments on long-term debt		(1,521,300)	(1,463,616)
Net cash used in financing activities		(1,373,841)	(558,489)
Net decrease in cash and cash equivalents		(4,286,359)	(9,662,972)
Cash and cash equivalents at beginning of year		9,241,431	18,904,403
Cash and cash equivalents at end of year	$	4,955,072	9,241,431
Supplemental disclosures:			
Cash paid during the year for:			
Interest	$	3,265,893	3,324,798
Amounts accrued for the purchase of buildings and equipment		408,700	874,308
The following table provides a reconciliation of cash, cash and cash equivalents reported within the balance sheets that sum to the total of the same such amounts shown in the statement of cash flows:			
Cash and cash equivalents	$	4,944,240	7,202,297
Investments – cash		10,832	2,039,134
Total cash and cash equivalents	$	4,955,072	9,241,431

See accompanying notes to consolidated financial statements.

(1) Background

Founded in 1878, Champlain College is a private, baccalaureate institution. Education at Champlain College is a career-driven experience that endows students with three essential personal dimensions required for a gratifying career including professionally focused programs balanced by an interdisciplinary core curriculum and a required life-skills practicum. The College is a national leader in educating students to become skilled practitioners, effective professionals and global citizens. The College's revenue sources are primarily tuition and auxiliary revenues, gifts, and grants, which are both private and governmental.

Champlain students, undergraduate and continuing education, earn their bachelor's and master's degrees at the campus in Burlington, Vermont and online. Additionally, the College offers study abroad opportunities to its students through its foreign campuses in Montreal, Quebec and in Dublin, Ireland and through its third party study abroad program.

(2) Summary of Significant Accounting Policies

(a) Basis of Statement Presentation

The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements of the College include the accounts of its wholly owned subsidiaries. The wholly owned subsidiaries include Champlain College of Vermont, Montreal Campus and Champlain College Dublin Ltd. In preparing the consolidated financial statements, all intercompany balances have been eliminated in consolidation. The consolidated financial statements have been prepared to focus on the College as a whole and to present balances and transactions according to the existence or absence of donor imposed restrictions.

Assets and liabilities have been sequenced according to their nearness to conversion to cash or repayment.

(b) Net Asset Classes

The accompanying consolidated financial statements present information regarding the College's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions: net assets are not subject to donor stipulations restricting their use but may be designated for specific purposes by the College or may be limited by contractual agreements with outside parties.

With donor restrictions: net assets are subject to donor stipulations that expire with the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

Changes in net assets are classified as operating and nonoperating. Nonoperating changes in net assets include: net realized and unrealized gains and losses on long-term investments, less amounts distributed for operating purposes; the change in value of split-interest agreements; and reclassifications of net assets received in prior periods and contributions with donor restrictions. All other unrestricted activity is reported as operating without donor restrictions.

(Continued)

(c) Contributions

Contributions, including unconditional promises to give, are recognized in the period received. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at the appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as increases in net assets with donor restrictions until the assets are acquired and placed in service. The College accounts for nonexchange transfers of assets from government agencies and foundations as contributions. Contributions containing both a barrier and a right of return are accounted for as conditional contributions, and revenue is recognized when conditions are met.

(d) Operations

The consolidated statement of activities reports the change in net assets from operating and nonoperating activities. Operating revenues consist of those items attributable to the College's instructional programs and auxiliary services. 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 capital purposes.

(e) Cash and Cash Equivalents

The College considers all highly liquid investments purchased with an original maturity date of three months or less to be cash and cash equivalents. The College considers cash equivalents that are held in the investment portfolio to be investments, at fair value and not cash for financial reporting purposes.

(f) Investments

Investments are reported at fair value with realized and unrealized gains and losses included in the consolidated statement of activities.

(g) Fair Value of Financial Instruments

Fair value is the price that the College would receive upon selling a financial instrument in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. The College uses a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level 1 – quoted prices in active markets for identical investments

(Continued)

- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the College's own assumptions in determining the fair value of investments)

A portion of the College's investments use net asset value (NAV) or its equivalent reported by each underlying alternative investment fund as a practical expedient to estimate the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operation 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. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the College's interest in the funds. Although such 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. Certain investments also may hold securities or other financial instruments for which a readily determinable fair value exists and are priced accordingly.

The College utilizes market quotations for debt securities that have quoted market prices in active markets. Since debt securities other than U.S. Treasury securities generally do not trade on a daily basis, estimates of fair value measurements are determined using relevant market data, benchmark curves, sector grouping and matrix pricing. As the fair value estimates of most debt securities investments are based on observable market information rather than market quotes, the estimates of fair value, other than U.S. Treasury securities, are included in Level 2 of the hierarchy. U.S. Treasury securities are classified as Level 1.

Investments measured at NAV as the practical expedient are not categorized in the fair value hierarchy. The College has no specific plans or intentions to sell such investments at amounts other than NAV.

The carrying amounts for cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, and accrued liabilities approximate their fair values because of their short-term maturities.

(h) Split-Interest Agreements

The College's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts for which the College serves as trustee, charitable gift annuities, and charitable trusts for which the College is not the trustee. Assets held in these trusts are included in assets held in charitable remainder trusts, investments, and contributions receivable. Contribution revenues are recognized at the dates the trusts are established (and the College is notified of their existence). Annuity and other split-interest obligations are adjusted annually at the end of each fiscal year.

(i) Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost in the case of expenditures by the College, at fair market value at date of gift in the case of donations, and at appraised value for certain original

(Continued)

components of the College campus. The College provides for depreciation on buildings and equipment using the straight line method over the estimated useful lives of the assets, which range from three to thirty five years.

(j) Tax Status

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

ASC 740, *Income Taxes*, provides guidance on the recognition, measurement and classification of income tax uncertainties, along with any related interest or penalties. ASC 740 permits an entity to recognize the benefit and requires accrual of an uncertain tax positions when the position is “more likely than not” to be sustained in the event of an examination by the tax authorities.

The College has no examinations in progress and believes it has taken no significant uncertain tax positions.

(k) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates in the College’s consolidated financial statements include the valuation of accounts, loans and pledges receivable, and the valuation of certain investments and other financial instruments.

(l) Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services (i.e., the transaction price).

Revenue from student education is reflected net of reductions from institutional student aid. Revenue from student education, residence, and dining services is recognized as the services are provided over the academic year, which generally aligns with the College’s fiscal year. Payments for student services are generally received prior to the commencement of each academic term and are reported as student deferred revenue to the extent services will be rendered in the following fiscal year.

(m) Prior Year Financial Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the College’s consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

(Continued)

(3) Liquidity

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capitalized construction costs not financed with debt, were as follows:

		2024	2023
Cash and cash equivalents	$	4,944,240	7,202,297
Accounts receivable		1,876,256	1,736,537
Contributions receivable, net		2,316,053	1,836,767
Investments, at fair value		21,961,144	36,010,431
Plus net assets with restrictions made available to meet general expenditures within one year:			
Fiscal year 2025/2024 endowment appropriation		1,394,489	1,421,142
Total financial assets available within one year	$	32,492,182	48,207,174

To manage liquidity, the College regularly monitors the availability of resources available to meet its general operating expenditures. Cash flows are subject to seasonal variations attributable to the timing of tuition billings, receipts of gifts and grants, pledge payments and transfers from the endowment. In addition, effective June 30, 2024, the College has $9,100,000 of board designated endowment funds. These amounts could be made available with Board approval.

(4) Contributions Receivable

Contributions receivable consist of the following as of June 30:

		2024	2023
Unconditional promises expected to be collected in:			
Less than one year	$	4,023,723	1,836,767
Two years to five years		5,841,670	2,991,501
Less allowance for uncollectible contributions		(469,407)	(232,216)
Less discount to present value		(477,272)	(183,953)
		8,918,714	4,412,099
Contributions receivable under charitable gift agreements		934,991	850,628
	$	9,853,705	5,262,727

The College uses discount rates ranging from 0.29% to 4.39% as established upon receipt of the contributions to determine the present value of the contribution receivable.

The College is named the beneficiary of several irrevocable charitable remainder trusts and gift annuities. Under the terms of the trusts, the College will receive the assets remaining in the trusts upon the death of the primary beneficiary. The College has recorded the present value of the trust assets (fair value) when the trust was received at rates ranging from 5% to 8%. Each year the trusts are revalued based on the life expectancy of the donor and the value of the assets in the trust.

(5) Investments and Fair Value Measurements

The following tables summarize the College's assets and liabilities that are reported at fair value by major category in the fair value hierarchy as of June 30, 2024 and 2023:

	Redemption or liquidation	June 30, 2024			
		Level 1	Level 2	Level 3	Total
Assets:					
Investments measured at fair value:					
U.S. large cap equity	Daily	$ 16,716,785	—	—	16,716,785
U.S. small/mid cap equity	Daily	14,842	—	—	14,842
International developed equity	Daily	2,825,604	—	—	2,825,604
International emerging markets equity	Daily	755,351	—	—	755,351
U.S. fixed income	Daily	16,603,985	4,558,915	—	21,162,900
Cash and cash equivalents	Daily	19,492,887	—	—	19,492,887
Cash surrender value of life insurance	Daily	79,765	—	—	79,765
Other	Daily	66,618	—	—	66,618
Subtotal		$ 56,555,837	4,558,915	—	61,114,752
Other assets:					
Charitable remainder trusts	Illiquid	$ —	—	1,580,355	1,580,355

	Redemption or liquidation	June 30, 2023 Level 1	Level 2	Level 3	Total
Assets:					
Investments measured at fair value:					
U.S. large cap equity	Daily	$ 7,287,478	—	—	7,287,478
U.S. small/mid cap equity	Daily	2,984,723	—	—	2,984,723
International developed equity	Daily	4,512,981	—	—	4,512,981
International emerging markets equity	Daily	1,474,499	—	—	1,474,499
U.S. fixed income	Daily	19,624,540	—	—	19,624,540
Corporate bonds	Daily	—	1,580,754	—	1,580,754
Cash and cash equivalents	Daily	23,045,167	—	—	23,045,167
Cash surrender value of life insurance	Daily	79,765	—	—	79,765
Other	Daily	750,689	—	—	750,689
Subtotal		59,759,842	1,580,754	—	61,340,596

	Redemption or liquidation	June 30, 2023 Level 1	Level 2	Level 3	Total
Investments measured at net asset value:					
Hedge funds	Quarterly – semi-annual	$ —	—	—	2,386,205
Real Estate Investment Trust	Monthly	—	—	—	629,638
Total investments		$ 59,759,842	1,580,754	—	64,356,439
Other assets:					
Charitable remainder trusts	Illiquid	$ —	—	1,507,078	1,507,078

The days' notice that is required to be given to investment managers to redeem the specific asset classes above are: 65 and 95 days for assets recorded at net asset value.

Included in the fair value hierarchy table above is the College's split-interest agreement related to an irrevocable charitable remainder trust for which the College serves as the trustee. The assets are reported as Level 3 investments due to restrictions surrounding the use of the funds and not due to the underlying investments of the trust itself.

Investment income consists of the following for the years ended June 30:

		2024	2023
Investment income	$	3,171,764	2,513,132
Net realized and unrealized gains (losses)		2,404,655	2,886,713
Total return on investments		5,576,419	5,399,845
Amount appropriated for operations		(3,653,580)	(1,624,910)
Investment gain and reinvested investment income	$	1,922,839	3,774,935

The amount of earnings on operating accounts used in operations for the years ended June 30, 2024 and 2023 was $2,252,302 and $212,548, respectively. The College released endowed investment earnings of $1,401,278 and $1,412,362 in 2024 and 2023, respectively, to support scholarships and general operations.

(6) Land, Buildings, and Equipment

The following is a summary of the College’s land, buildings, and equipment as of June 30:

	Estimated lives		2024	2023
Land	—	$	5,125,202	5,125,202
Land improvements	10 years		1,454,054	1,454,054
Buildings and improvements	3–35 years		201,018,927	200,290,079
Equipment	5–10 years		14,429,874	15,755,813
Construction in progress			1,437,030	517,465
			223,465,087	223,142,613
Less accumulated depreciation and amortization			91,489,316	87,386,761
Net, land, buildings, and equipment		$	131,975,771	135,755,852

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was $6,178,782 and $6,149,351, respectively.

(7) Long-Term Debt

The following is a summary of the College's long-term debt as of June 30:

		2024	2023
Mortgages payable:			
9% mortgages payable – secured by land and buildings, payable in monthly installments of principal and interest of $3,150 through 2026.	$	55,032	86,332
Total mortgages payable		55,032	86,332
Bonds payable:			
2016A Tax-exempt series bond payable, a fixed coupon rate of 5%, secured by buildings and equipment, payable in October and April with principal installments ranging from $1,535,000 to $4,610,000 plus interest, beginning October 2024 through October 2046.		64,605,000	64,605,000

		2024	2023
2016B Taxable series bond payable, fixed coupon rates ranging from 2.194% to 3.867%, secured by buildings and equipment, payable in October and April principal with installments ranging from $1,260,000 to $1,490,000 plus interest, through October 2023.	$	—	1,490,000
Total bonds payable		64,605,000	66,095,000
Total principal of long-term debt		64,660,032	66,181,332
Bond premium, discount, and issuance costs, net		1,883,988	1,968,032
Total long-term debt	$	66,544,020	68,149,364

(Continued)

Aggregate principal payments of long-term debt are summarized in the table below:

Year ending June 30:		
2025	$	1,569,237
2026		1,635,795
2027		1,695,000
2028		1,785,000
2029		1,875,000
Thereafter		56,100,000
	$	64,660,032

The College's outstanding bond payable was issued to refinance all previous outstanding bonds and finance a new apartment-style student housing building with commercial space. The debt contains both a taxable and tax-exempt component and was issued at a premium of $3,231,964 and included an underwriter discount of $339,638 and debt issuance costs of $371,003, which are all amortized over the life of the bonds. As of June 30, 2024, the taxable component of the debt was paid in full.

The College is required to maintain a minimum debt service coverage ratio and comply with other covenants as specified in the 2016 bond series. For the year ended, June 30, 2023, the College was not in compliance with the minimum debt service coverage ratio and was required to retain an independent consultant and follow the recommendations of that consultant, subject to the applicable limitations. The failure to maintain the debt service coverage ratio at the required level did not constitute an event of default as defined in the 2016 bond series for the year ended, June 30, 2023, as the College retained an independent consultant and has followed the recommendations. For the year ended, June 30, 2024, the College was in compliance with the minimum debt service coverage ratio.

Interest expense charged to operations was $3,169,379 and $3,229,073 for the years ended June 30, 2024 and 2023, respectively. Interest expense is the net of interest incurred and the bond premium, issuance cost and discount amortization.

(Continued)

(8) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30:

		2024	2023
Purpose restrictions – student aid	$	141,658	208,338
Purpose restrictions – other		1,336,254	1,325,627
Purpose restrictions – capital		2,148,593	2,121,588
Time restrictions:			
Charitable trust agreements		979,321	908,002
Charitable trust agreements included in contributions receivable		934,991	850,628
Contributions receivable, net		8,918,714	4,412,099
Endowment funds:			
Scholarship		12,184,832	11,127,080
Academic support		13,965,548	13,050,190
Other		2,923,637	2,717,522
Total net assets	$	43,533,548	36,721,074

(9) Net Assets with Donor Restrictions Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors are as follows for the years ended June 30:

		2024	2023
Purpose restrictions accomplished:			
Student aid	$	951,141	1,280,783
Other		2,000,865	1,493,258
Total purpose restrictions		2,952,006	2,774,041
Time restrictions satisfied		269,000	234,000
Total net assets released from restrictions	$	3,221,006	3,008,041

(10) Endowment

Champlain’s endowment consists of 58 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of

Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Relevant Law

Under Uniform Prudent Management of Institutional Funds Act (UPMIFA) the governing board has discretion to determine appropriate expenditures of a donor-restricted endowment fund in accordance with a robust set of guidelines about what constitutes prudent spending. UPMIFA permits the College to appropriate for expenditure or accumulate so much of an endowment fund as the College determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established. Seven criteria are to be used to guide the College in its yearly expenditure decisions: 1) duration and preservation of the endowment fund; 2) the purposes of the College and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the College; and, 7) the investment policy of the College.

Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below historic dollar value. There is an expectation that, over time, the original corpus of the gift amount will remain intact.

The College classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted endowment funds until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment net asset composition by type of fund consists of the following as of June 30, 2024:

			With donor restrictions		
		Without donor restrictions	Accumulated gains on net assets	Original gift	Total
Donor-restricted endowment funds	$	—	10,128,088	18,945,929	29,074,017
Board-designated endowment funds		9,658,877	—	—	9,658,877
Total endowed net assets	$	9,658,877	10,128,088	18,945,929	38,732,894

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

		With donor restrictions		
	Without donor restrictions	Accumulated gains on net assets	Original gift	Total
Endowed net assets, June 30, 2023	$ 543,213	8,220,913	18,673,879	27,438,005
Investment return:				
Investment income	23,551	1,169,166	—	1,192,717
Net appreciation	42,085	2,089,315	—	2,131,400
Total investment return	65,636	3,258,481	—	3,324,117
Contributions	—	—	272,050	272,050
Creation of quasi-endowment/transfer in	15,000,000	—	—	15,000,000
Appropriated endowment earnings	(5,949,968)	(1,351,306)	—	(7,301,274)
Endowed net assets, June 30, 2024	$ 9,658,881	10,128,088	18,945,929	38,732,898

Endowment net asset composition by type of fund consists of the following as of June 30, 2023:

		With donor restrictions		
	Without donor restrictions	Accumulated gains on net assets	Original gift	Total
Donor-restricted endowment funds	$ —	8,220,913	18,673,879	26,894,792
Board-designated endowment funds	543,213	—	—	543,213
Total endowed net assets	$ 543,213	8,220,913	18,673,879	27,438,005

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

			With donor restrictions		
		Without donor restrictions	Accumulated gains on net assets	Original gift	Total
Endowed net assets, June 30, 2022	$	541,833	7,160,636	17,551,242	25,253,711
Investment return:					
Investment income		24,470	1,125,949	—	1,150,419
Net appreciation		28,153	1,295,447	—	1,323,600
Total investment return		52,623	2,421,396	—	2,474,019
Contributions		—	—	1,122,637	1,122,637
Appropriated endowment earnings		(51,243)	(1,361,119)	—	(1,412,362)
Endowed net assets, June 30, 2023	$	543,213	8,220,913	18,673,879	27,438,005

(b) Funds with Deficiencies

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 the Act requires the corpus to retain as a fund of perpetual duration. One fund of $100,000, gifted to Champlain on March 10, 2022, had a deficiency of this nature for the year ending June 30, 2023. This deficiency of $1,070 resulted from unfavorable market fluctuations. No deficiencies of this nature are reported for the year ending June 30, 2024.

(c) Return Objectives and Risk Parameter

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the total return results of a composite weighted index composed of various benchmarks while assuming a moderate level of investment risk. The College expects its endowment funds, over three to five years, to provide an average annual real rate of return of approximately 5% plus inflation annually. Actual returns in any given year may vary from this amount.

(d) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places emphasis on investments in equities, bonds, and cash in a 70-29-1% ratio to achieve its long-term return objectives within prudent risk constraints.

(e) Creation of Quasi-Endowment

During the fiscal year ended June 30, 2024 the College's Board of Trustees authorized the creation of a quasi-endowment fund from unrestricted resources in the amount of 15,000,000. The endowment is intended to support presidential initiatives and support for college operations and programs. The quasi-endowment is invested in accordance with the College's investment strategy. Management and the Board will continue to evaluate the performance of the quasi-endowment and adjust the investment strategy as needed.

(f) Spending Policy

The College's Board of Trustees approved a distribution of up to 5% of the value of the funds for spending in 2024 and 2023. The value of the funds is the average calendar year end value of the fund for the previous three calendar years.

Distribution in excess of the annual designated amount may be made after a vote of 3/4 of the Board of Trustees if a need exists, unless specific language in an individual endowment policy states otherwise. The Board authorized a special transfer of $5,900,000 from the quasi-endowment, without donor restrictions, to support operations for the year ending June 30, 2024.

(11) Retirement Plan

The College provides a defined contribution plan covering substantially all employees. Employees can contribute up to 5% and the College will match the employee contribution on a 2-for-1 basis up to a maximum of 10%. Effective on June 30, 2024, employees can contribute up to 3% and the College will match the employee contribution on a 1-for-1 basis up to a maximum of 3%. In addition to the employee contribution match, the College provides a supplemental contribution to the defined contribution plan to create an equitable retirement plan for long-term employees who participated in the previous pension plan. The total expense under this plan was $3,036,371 and $2,818,225 for 2024 and 2023, respectively.

(12) Operating Expenses by Functional Classification

The consolidated statements of activities present expenses by natural classification. The College also summarizes its expenses by functional classification. The College's primary program service is instruction. Expenses reported as academic support, student services, institutional support, and auxiliary enterprises are incurred in support of this primary program service.

Operation and maintenance of College plant assets, including interest and depreciation expense, are allocated on the basis of the proportional share of each functional expense category to total functional expense.

(Continued)

The table below depicts the functional classification of operating expenditures for the years ended June 30, 2024 and 2023.

	Salaries and benefits	Occupancy and related expenses	Supplies and services	Depreciation and interest	Other operating expenses	2024 Total	2023 Total
Instructional	$ 21,872,464	893,214	1,031,238	2,530,818	227,425	26,555,159	31,054,225
Academic support	10,059,706	1,392,245	1,262,486	1,427,515	686,020	14,827,972	14,558,720
Student services	8,340,459	672,829	2,486,554	1,921,136	6,263,975	19,684,953	13,635,805
Institutional support	11,976,219	1,008,069	5,736,653	2,347,933	3,080,805	24,149,679	21,641,155
Auxiliary enterprises	1,950,251	3,714,006	4,000,723	1,120,758	575,019	11,360,757	10,226,466
	$ 54,199,099	7,680,363	14,517,654	9,348,160	10,833,244	96,578,520	91,116,371

The College classifies fundraising expenses as institutional support. The amounts included in expense were $2,455,396 and $2,487,226 for the years ended June 30, 2024 and 2023, respectively.

(13) Commitment and Contingencies

The College is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the College's consolidated financial statements.

(14) Related Parties

Members of the College's Board of Trustees and Officers may, from time to time, be associated, either directly or indirectly, with companies doing business with the College. The College's conflict of interest policy requires, among other things, that no member of the Board of Trustees or Officer may participate in any decision in which they (or an immediate family member) have a material financial interest. For the Board of Trustees and Officers, the College requires an annual disclosure of significant financial interests in, family relationships, significant management function, or substantial business with entities doing business with the College. When such relationships exist, measures are taken to address the actual or perceived conflict to protect the best interests of the College and ensure compliance with relevant conflict of interest laws or policy.

Champlain College contracts with the Green Mountain Higher Education Consortium, a related party, to provide the College with accounts payable processing, benefits administration, and payroll processing services. An officer of Champlain College serves on the management team of the Green Mountain Higher Education Consortium during fiscal years 2024 and 2023.

(15) Subsequent Events

The College considers events or transactions that occur after the balance sheet date, but before the consolidated financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These consolidated financial statements were issued on October 16, 2024 and subsequent events have been evaluated through that date.