Concordia College

Financial Statements

April 30, 2024 and 2023

Independent Auditors' Report

To the Board of Regents of
Concordia College

Opinion

We have audited the financial statements of Concordia College (the College), which comprise the statement of financial position as of April 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 April 30, 2024 and 2023 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 GAAP and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern within one year after the date that the financial statements were issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Baker Tilly US, LLP

Minneapolis, Minnesota
August 19, 2024

Concordia College

Statements of Financial Position
April 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 13,079,921	$ 5,107,537
College student accounts receivable, net of allowance for credit losses of $734,000 and $661,000	1,059,997	1,102,186
Language Villages and other receivables, net	1,829,963	2,651,740
Inventories	796,850	793,535
Prepaid expenses and other assets	508,171	674,158
Investments:		
Endowment	186,145,131	178,127,951
Deferred gift	23,979,771	27,573,253
Agency	261,425	183,421
Other	6,438,324	6,211,061
Student notes receivable, net	2,102,009	2,859,928
Deposits held by trustee:		
Cash and short-term investments	83,102	63,502
Corporate and government bonds	2,856,755	2,857,678
Construction in progress	3,931,199	7,922,831
Property, plant and equipment, net	141,749,362	135,694,686
Total assets	$ 384,821,980	$ 371,823,467
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 1,735,861	$ 2,484,138
Accrued liabilities	8,861,892	9,142,682
Deposits	526,893	582,412
Deferred revenue	2,794,121	1,827,110
Annuities payable	9,338,216	10,044,650
Funds held for others	1,663,791	1,824,302
Long-term debt, net	24,686,347	27,455,975
Government grants refundable	1,874,590	3,266,317
Total liabilities	51,481,711	56,627,586
Net Assets		
Without donor restrictions	127,588,944	126,847,420
With donor restrictions	205,751,325	188,348,461
Total net assets	333,340,269	315,195,881
Total liabilities and net assets	$ 384,821,980	$ 371,823,467

See notes to financial statements

Concordia College

Statement of Activities
Year Ended April 30, 2024

	Operating	Long-Term Investment	Plant	Total
Net Assets Without Donor Restrictions				
Revenues, gains and other support:				
Tuition and fees, net of scholarships and grants of $23,894,000	$ 25,843,729			$ 25,843,729
Government grants	46,206			46,206
Private gifts	5,073,877		$ 98,343	5,172,220
Endowment spending	10,689,916	$ (10,689,916)		
Other sources	2,191,286	93,151	14,534	2,298,971
Investment return:				
Investment gains, net	35,024	751,024	44,850	830,898
Investment income	1,034,481	(6,034)	53,036	1,081,483
Sales and services of auxiliary enterprises	15,676,143			15,676,143
Sales and services of independent operations, net of scholarships and grants of $582,000	9,477,228			9,477,228
Deferred gift reclassification		(542,840)		(542,840)
Redesignation of prior year gifts	(13,712)			(13,712)
Adjustment of actuarial liability for annuities payable		671,326		671,326
	70,054,178	(9,723,289)	210,763	60,541,652
Net assets released from restrictions	10,012,191	7,258,797	7,844,291	25,115,279
Total revenue, gains and other support	80,066,369	(2,464,492)	8,055,054	85,656,931
Expenses and Losses				
Program expenses:				
Instruction	20,996,134		3,028,692	24,024,826
Research	44,941			44,941
Public service	172,600			172,600
Academic support	5,286,910		371,896	5,658,806
Student services	12,045,585		1,045,972	13,091,557
Auxiliary enterprises	14,208,523		1,474,214	15,682,737
Independent operations	11,846,796		602,907	12,449,703
Support expenses:				
Institutional support	13,389,586	(331,938)	732,589	13,790,237
Allocable expenses:				
Operation and maintenance	5,943,641		910,928	6,854,569
Depreciation, amortization and accretion			5,687,816	5,687,816
Interest			657,525	657,525
Less allocable expenses	(5,943,641)		(7,256,269)	(13,199,910)
Total expenses and losses	77,991,075	(331,938)	7,256,270	84,915,407
Change in net assets without donor restrictions	2,075,294	(2,132,554)	798,784	741,524
Net Assets With Donor Restrictions				
Private gifts	13,207,956	3,347,673	3,024,136	19,579,765
Government grants	3,013,156			3,013,156
Endowment income		39,171		39,171
Investment return:				
Investment gains, net		15,922,513		15,922,513
Investment income		1,869,200		1,869,200
Other sources	11	15,618		15,629
Increase in cash surrender value		141,303		141,303
Adjustment of actuarial liability for annuities payable		1,380,854		1,380,854
Deferred gift reclassification		542,840		542,840
Redesignation of prior year gifts		13,712		13,712
Net assets released from restrictions	(9,930,013)	(8,031,258)	(7,154,008)	(25,115,279)
Change in net assets with donor restrictions	6,291,110	15,241,626	(4,129,872)	17,402,864
Transfers				
Transfer for debt service	(1,974,047)		1,974,047	
Operating to plant	(2,282,993)		2,282,993	
Total transfers	(4,257,040)		4,257,040	
Change in net assets	4,109,364	13,109,072	925,952	18,144,388
Net Assets, Beginning	10,580,788	187,579,336	117,035,757	315,195,881
Net Assets, Ending	$ 14,690,152	$ 200,688,408	$ 117,961,709	$ 333,340,269

See notes to financial statements

Concordia College
Statement of Activities
Year Ended April 30, 2023

	Operating	Long-Term Investment	Plant	Total
Net Assets Without Donor Restrictions				
Revenues, gains and other support:				
Tuition and fees, net of scholarships and grants of $22,853,000	$ 27,286,241			$ 27,286,241
Government grants	46,912			46,912
Private gifts	1,148,372	$ 48,816	$ 33,920	1,231,108
Endowment spending	13,271,308	(13,271,308)		
Other sources	1,859,508	51,310	97,383	2,008,201
Investment return:				
Investment losses/gains, net	(218,224)	18,251	(34,417)	(234,390)
Investment income	1,100,987	63,280	60,792	1,225,059
Sales and services of auxiliary enterprises	14,362,256			14,362,256
Sales and services of independent operations, net of scholarships and grants of $442,000	9,870,506			9,870,506
Deferred gift reclassification		(465,063)		(465,063)
Redesignation of prior year gifts	(54,395)			(54,395)
Gain on disposal of plant assets			152,709	152,709
Adjustment of actuarial liability for annuities payable		288,459		288,459
	68,673,471	(13,266,255)	310,387	55,717,603
Net assets released from restrictions	10,640,508	5,493,372	150,650	16,284,530
Total revenue, gains and other support	79,313,979	(7,772,883)	461,037	72,002,133
Expenses and Losses				
Program expenses:				
Instruction	19,642,315		3,049,299	22,691,614
Research	201,543			201,543
Public service	180,382			180,382
Academic support	5,575,764		378,287	5,954,051
Student services	11,253,037		1,025,268	12,278,305
Auxiliary enterprises	13,734,851		1,427,557	15,162,408
Independent operations	11,577,486		590,624	12,168,110
Support expenses:				
Institutional support	12,933,891	175,676	804,214	13,913,781
Allocable expenses:				
Operation and maintenance	5,910,902		864,705	6,775,607
Depreciation, amortization and accretion			5,618,354	5,618,354
Interest			792,189	792,189
Less allocable expenses	(5,910,902)		(7,275,248)	(13,186,150)
Total expenses and losses	75,099,269	175,676	7,275,249	82,550,194
Change in net assets without donor restrictions	4,214,710	(7,948,559)	(6,814,212)	(10,548,061)
Net Assets With Donor Restrictions				
Private gifts	5,033,936	2,970,094	3,771,339	11,775,369
Government grants	3,546,010			3,546,010
Endowment income		36,889		36,889
Investment return:				
Investment losses, net		(217,752)		(217,752)
Investment income		1,844,100		1,844,100
Other sources	7,482	24,147		31,629
Increase in cash surrender value		28,053		28,053
Adjustment of actuarial liability for annuities payable		175,666		175,666
Deferred gift reclassification		465,063		465,063
Redesignation of prior year gifts		16,354	38,041	54,395
Net assets released from restrictions	(9,117,720)	(7,016,160)	(150,650)	(16,284,530)
Change in net assets with donor restrictions	(530,292)	(1,673,546)	3,658,730	1,454,892
Transfers				
Transfer for debt service	(2,677,505)		2,677,505	
Operating to plant	(2,075,741)		2,075,741	
Total transfers	(4,753,246)		4,753,246	
Change in net assets	(1,068,828)	(9,622,105)	1,597,764	(9,093,169)
Net Assets, Beginning	11,649,616	197,201,441	115,437,993	324,289,050
Net Assets, Ending	$ 10,580,788	$ 187,579,336	$ 117,035,757	$ 315,195,881

See notes to financial statements

Concordia College

Statements of Cash Flows
Years Ended April 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ 18,144,388	$ (9,093,169)
Adjustment to reconcile change in net assets to net cash flows from operating activities:		
Depreciation, amortization and accretion	5,687,816	5,618,354
Amortization of debt premium	(472,441)	(447,898)
Gain on disposal of property		(152,709)
(Gains) losses on investments	(16,753,411)	452,142
Change in allowance for uncollectible student loans	(572,163)	696
Actuarial adjustment of annuities payable	(2,052,180)	(464,125)
Loan cancellations and write-offs	215,255	166,212
Changes in current assets and liabilities:		
College student accounts receivables	42,189	29,991
Language Villages and other receivables	61,337	18,888
Inventories	(3,315)	(50,798)
Prepaid expenses and other assets	165,987	408,302
Accounts payable	73,740	481,056
Accrued liabilities	(391,559)	(9,561)
Deposits	(55,519)	(10,992)
Deferred revenue	967,011	(100,682)
Investment income restricted for reinvestment	(39,171)	(36,889)
Noncash gifts	(395,622)	(276,096)
Contributions restricted for plant and long-term investment	(6,246,392)	(6,615,992)
Net cash flows from operating activities	(1,624,050)	(10,083,270)
Cash Flows From Investing Activities		
Purchases of investments	(45,137,967)	(67,425,288)
Proceeds from sales of investments	59,944,136	75,283,431
Change in deposits held by trustee, net	(18,677)	(18,412)
Purchases of property, plant and equipment	(8,449,295)	(7,490,520)
Disbursements of loans to students	(46,738)	(53,494)
Repayments of loans from students	651,851	847,827
Net cash flows from investing activities	6,943,310	1,143,544
Cash Flows From Financing Activities		
Payments of principal on indebtedness	(2,310,000)	(2,190,000)
Decrease in government grants refundable, net	(882,013)	(1,015,123)
Decrease in funds held for others	(160,511)	(384,023)
Payments to annuitants	(1,040,355)	(1,378,949)
Increase in annuities payable from new gifts		51,145
Investment income received restricted for reinvestment	39,171	36,889
Contributions received restricted for plant and long-term investment	7,006,832	7,423,026
Net cash flows from financing activities	2,653,124	2,542,965
Net change in cash and cash equivalents	7,972,384	(6,396,761)
Cash and Cash Equivalents, Beginning	5,107,537	11,504,298
Cash and Cash Equivalents, Ending	$ 13,079,921	$ 5,107,537

See notes to financial statements

1. Significant Accounting Policies

Concordia College (the College) is a four-year liberal arts college affiliated with the Evangelical Lutheran Church in America. The College also operates the Language Village educational facilities for elementary and secondary students, the activity of which has been classified as independent operations in the accompanying financial statements. The accounting policies of the College reflect practices common to colleges and universities and conform to accounting principles generally accepted in the United States of America (GAAP). The more significant accounting policies are summarized below:

Net Asset Classifications

For the purposes of financial reporting, the College classifies resources into two net asset categories pursuant to any donor-imposed restrictions and applicable law. Accordingly, the net assets of the College are classified in the accompanying financial statements in the categories that follow:

With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met by action of the College and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes.

Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

The Board of Regents has established policies that affect the presentation of board designations on net assets without donor restrictions. Bequests and matured deferred gifts without donor restrictions are distributed to current unrestricted funds until such gift income reaches the budgeted line item amount for the current fiscal year. Any additional bequests and residual deferred gift without donor restrictions received during the fiscal year are distributed to the quasi endowment fund unless its use for other purposes is authorized by the Board of Regents (see Note 11).

Revenues from sources other than contributions are generally reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Income earned on donor restricted funds is initially classified as net assets with donor restrictions and is reclassified as net assets without donor restrictions when expenses are incurred for their intended purpose.

Unconditional contributions are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until they become unconditional, that is, when the conditions on which they depend are met.

A portion of the College’s revenue is derived from cost-reimbursable grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the College has incurred expenditures or achieves milestones in compliance with specific grant or contract provisions, in the appropriate categories of net assets in accordance with donor restrictions. Amounts received prior to incurring qualifying expenditures, if any, are reported as refundable advances in the statements of financial position. The College received cost-reimbursable grants and conditional gifts of $21,445,000 that have not been recognized at April 30, 2024 because qualifying expenditures have not yet been incurred nor have milestones been met.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenues with donor restrictions; the restrictions are considered to be released at the time such long-lived assets are placed in service.

In the absence of donor stipulations or law to the contrary, gains and losses on the investments of a donor-restricted endowment fund are included in net assets with donor restrictions.

Gains and losses on investments of endowment funds without donor restrictions created by a board designation are included in changes in net assets without donor restrictions.

Cash Equivalents

The College considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents. Certain cash held by the College is restricted for the Federal Perkins Loan Fund.

Receivables

Student accounts receivable are carried at the unpaid balance of the original amount billed to students less an estimate made for allowance for credit losses. Student accounts are charged interest and fees when past due. Recoveries of student accounts previously written off are recorded when received. Receivables are generally unsecured.

The College recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the date of the statement of financial position. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the statement of financial position date. Receivables are written off when the College determined that such receivables are deemed uncollectible. The College pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the College measures those receivables individually. The College also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The College utilizes the aging method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the College's historical loss experience. In determining its loss rates, the College evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing receivables. For receivables that are not expected to be collected within the normal business cycle, the College considers the current and forecasted direction of the economic and business environment. Such forecasted information includes: GDP growth, unemployment rates and interest rates amongst others.

At April 30, 2024 and 2023, other receivables include $1,363,000 and $2,123,000, of gifts reported net of present value discounts, respectively. Payments will be made over one to three years, with $800,000 due in one year, $600,000 due in two to three years. The amount recorded at April 30, 2024 and 2023 is net of a present value discount of $37,500 and $77,000, respectively, which was calculated using a discount rate of 4.41% and 3.53%, respectively.

Inventories

Bookstore, Dining Service and Language Villages' inventories are valued at lower of cost (first-in, first-out) or market.

Investments

Investments in publicly traded securities are stated at fair value based on quoted market prices from national security exchanges. Investments for which quoted prices are not available, are stated at fair value as estimated by management using values provided by external investment managers or general partners. Other investments are recorded at cost, except those items received as gifts, which are valued at fair value at the date of the gift.

Deposits Held by Trustee

Cash, short-term investments and corporate and government bonds held by trustee include amounts restricted for construction projects, debt service and renewal and replacement as required by the trust indentures.

Property, Plant and Equipment, Net

Physical plant assets are stated at cost, less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of buildings (50 years), improvements (10-20 years) and equipment (5-12 years). Library books are depreciated over 20 years. Normal repair and maintenance expenses and equipment replacement costs are charged to operations as incurred. The College capitalizes physical plant additions in excess of $1,500.

Impairment of Long-Lived Assets

The College reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses recorded.

Asset Retirement Obligations

The College recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the cost of the retirement obligation is capitalized by increasing the carrying value of the related asset. Over time, the liability is accreted to its present value each year and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of activities. The College reviews its estimates annually and adjusts the recorded liability as needed.

Substantially all of the College's asset retirement obligations relate to estimated costs to remove asbestos from campus facilities. The estimate of the losses that are probable for asbestos removal was calculated using the expected cash flow approach and based on an inventory of the College's long-lived assets combined with an estimate of the current market prices to remove the asbestos. The College utilized a credit-adjusted risk-free rate to discount the asset retirement obligation.

Changes in the accrual for asset retirement obligations, which is included in accrued liabilities on the statement of financial position, during the years ended April 30, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of the year	$ 2,215,384	$ 2,327,518
Abatements		(217,628)
Accretion expense	110,769	105,494
Balance at end of the year	$ 2,326,153	$ 2,215,384

Government Grants Refundable

Funds provided by the United States Government under the Federal Perkins Loan Program were loaned to students prior to June 30, 2018, the date at which the federal program ended. These funds are ultimately refundable to the government and are included as liabilities in the statements of financial position.

Unemployment Compensation

The College has elected to pay unemployment compensation claims as they arise. At April 30, 2024 and 2023, a provision of $19,500 was established for claims incurred but not reported or paid.

Revenue Recognition and Disaggregation of Revenue

Tuition and Fees Revenue

The College provides academic instruction toward baccalaureate degrees. Tuition and fee revenue is recognized in the fiscal year in which the academic programs are delivered. Institutional scholarships awarded to students reduce the amount of revenue recognized. In addition, students who adjust their course load or withdraw completely within the first eight weeks of the semester may receive a partial refund in accordance with the College’s refund policy. Refunds issued reduce the amount of revenue recognized. Payments for services are due August 15th for fall semester and January 15th for the spring semester. Performance obligations for certain ancillary services are satisfied when the service is performed. The College applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with the completion of the following academic year. The College determines the transaction price based on standard charges for goods and services provided, reduced by discounts relating to institutional scholarships, both funded and unfunded, in accordance with the College's policies.

Auxiliary Revenue

The College also provides auxiliary services, such as residence and food services. The performance obligation of providing access to housing and meals is satisfied ratably over the academic period in which the student chooses to live on campus and purchase a meal plan. Contracts for room and board are combined into a single portfolio of similar contracts. Payment for room and board is required before the start of the academic term. All amounts received prior to the commencement of the academic year, including deposits, are deferred to the applicable period. Students that withdraw from the College within the first 8 weeks of the semester may receive a partial refund in accordance with the College's refund policy. Refunds issued reduce the amount of revenue recognized.

Revenues and Expenses of Independent Operations

Certain costs related to seasonal education programs are included in prepaid expenses and recognized as expenses in the same period related revenues are recognized. The performance obligation of providing educational programs at the Language Villages is satisfied ratably over the term in which the programs are provided. Contracts for room and board are combined into a single portfolio of similar contracts. Students are generally billed for each course/camp prior to the course starting. Amounts billed to students related to the Language Villages, but not received or earned as of April 30, 2024 and 2023, approximated $4,300,000 and $5,246,000, respectively. These amounts are not included in the College's financial statements until earned and/or received.

Deferred Revenue

These amounts represent payments received for College tuition and fees and Language Village camp registrations prior to the start of the summer academic terms. As of April 30, 2024, summer terms and Language Village camps have not yet begun; thus, all revenue received relating to the 2024 summer terms and camps are included in deferred revenue. The following table notes the activity within the deferred revenue accounts relating to tuition and fees and Language Village camp registrations:

	2024	2023
Balance at beginning of the year	$ 1,827,110	$ 1,927,792
Revenue recognized during the year	(1,827,110)	(1,927,792)
Cash received in advance of performance	2,794,121	1,827,110
Balance at end of the year	$ 2,794,121	$ 1,827,110

Operating Measure

The College's operating revenues in excess of expenses and transfers includes support for operating activities from both net assets with donor restrictions and net assets without donor restrictions. The measure of operations excludes endowment support for non-operating activities, investment return in excess of amounts made available for current support, plant gifts, plant expenses and changes in the actuarial value of annuities payable.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited (see Note 17)

Pledges

Pledge documents used by the College include the notation that pledged amounts are not considered by the College to be an enforceable obligation to the donor. Accordingly, all pledges are regarded as expressions of intent to contribute, rather than promises to give and, therefore, are not recorded as assets. At April 30, 2024 and 2023, intentions to give that have been identified by the College, along with their intended purpose, are as follows:

	2024	2023
Operating	$ 8,084,000	$ 1,219,000
Endowment	3,140,000	3,277,000
Plant	3,295,000	4,877,000
Total	$ 14,519,000	$ 9,373,000

Income Tax Status

The College is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code according to the Internal Revenue Service. Accordingly, the College is not subject to federal income taxes except to the extent it derives income from certain activities not substantially related to its tax-exempt purposes (unrelated trade or business activities). The College had no material unrelated business income during the year. The College is also exempt from state income taxes.

The College follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the College for uncertain tax positions as of April 30, 2024 and 2023. The College’s tax returns are subject to review and examination by federal and state authorities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund-Raising Expenses

Fund-raising expenses totaled $2,500,000 and $2,300,000 for the years ended April 30, 2024 and 2023, respectively.

Advertising Expenses

Advertising costs are expensed when incurred.

Retirement Plan

Retirement benefits are provided for the College's staff through Teachers Insurance and Annuity Association (TIAA), a national organization used to fund pension benefits for educational institutions. Under this arrangement, the College and plan participants make annual contributions to TIAA to purchase individual annuities equivalent to retirement benefits earned. The College's share of the cost of these benefits was approximately $2,066,000 and $1,757,000 for the years ended April 30, 2024 and 2023, respectively.

Grants to Specified Students

Amounts received from state and federal agencies designated for the benefit of specified students are considered agency transactions, and therefore, are not reflected as revenues and expenses of the College.

New Accounting Pronouncement Adopted in the Current Year

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13*, Measurement of Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. For financial instruments included in the scope, the CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The methodology replaces the multiple existing impairment methods in current accounting principles generally accepted in the United States of America, which generally require that a loss be incurred before it is recognized. On May 1, 2023, the College adopted the ASU using the modified retrospective approach. The adoption of ASU 2016-13 did not have a material impact on the financial statements for the year ended April 30, 2024.

2. Fair Value of Financial Instruments

Fair Value Hierarchy

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which is based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include using the reporting entity's own data.

Assets

Level 1 - Level 1 assets include investments in common stocks, government obligations, and mutual funds.

Level 2 - Level 2 assets include investments in corporate bonds. The fair values are estimated using Level 2 inputs based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Level 3 - Level 3 assets include beneficial interest in funds held in trust by others as the fair values are estimated using an income approach by calculating the present value of the future distributions expected to be received based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). Since the College has an irrevocable right to receive the income earned from the trust's assets, the fair value of the College's beneficial interest is estimated to approximate the fair value of the trusts' assets.

Level 3 assets include other receivables for which quoted prices are not readily available. The fair value is estimated using an income approach by calculating the present value of the future cash flows the College expects to receive over the term of the agreements based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (individual or entity specific estimates of cash flows).

Liabilities

Level 2 - Level 2 liabilities include annuities payable related to annuity trusts as the fair values are estimated using an income approach based on present value techniques and Level 2 inputs for interest rates, yield curves, life expectancy tables and contractual cash flows.

Level 3 - Level 3 liabilities include annuities payable related to unitrusts as the fair values are estimated using an income approach based on present value techniques and a combination of Level 2 inputs (age, life expectancy and the applicable discount rate) and significant unobservable inputs (entity specific estimates of cash flows).

The College measures the fair value for their investment in hedge funds, private equity fund, and real asset funds (alternative investments) based on net asset value (NAV) as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the College's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the College sold all or a portion of its alternative investment, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment.

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

There have been no changes in the techniques and inputs used as of April 30, 2024 and 2023.

While the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents financial instruments that are measured at fair value on a recurring basis as of April 30, 2024:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Common stocks:				
Domestic equity funds	$ 1,352,006			$ 1,352,006
International equity funds	1,206,289			1,206,289
Domestic corporate bonds		$ 5,648,612		5,648,612
International corporate bonds		32,458		32,458
Government obligations	860,660			860,660
Mutual funds:				
Domestic equity funds	75,825,574			75,825,574
International equity funds	29,426,099			29,426,099
Domestic fixed income funds	28,656,476			28,656,476
International fixed income funds	2,890,797			2,890,797
Real asset funds	5,915,931			5,915,931
Funds held in trust by others			$ 4,986,744	4,986,744
Other receivables			1,362,522	1,362,522
Subtotal assets by valuation hierarchy	$ 146,133,832	$ 5,681,070	$ 6,349,266	158,164,168
Investments measured using NAV:				
Alternative investments:				
Hedge funds				25,441,097
Private equity funds				28,014,872
Real asset funds				2,112,729
Subtotal assets by NAV				55,568,698
Total assets at fair value				$ 213,732,866
Liabilities:				
Annuities payable	$	$ 2,779,052	$ 6,559,164	$ 9,338,216

The following table presents financial instruments that are measured at fair value on a recurring basis as of April 30, 2023:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Common stocks:				
Domestic equity funds	$ 1,331,826			$ 1,331,826
International equity funds	904,144			904,144
Domestic corporate bonds		$ 6,850,195		6,850,195
International corporate bonds		89,410		89,410
Government obligations	585,476			585,476
Mutual funds:				
Domestic equity funds	64,466,022			64,466,022
International equity funds	42,157,126			42,157,126
Domestic fixed income funds	30,037,415			30,037,415
International fixed income funds	2,521,314			2,521,314
Real asset funds	6,027,106			6,027,106
Funds held in trust by others			$ 4,677,367	4,677,367
Other receivables			2,122,961	2,122,961
Subtotal assets by valuation hierarchy	$ 148,030,429	$ 6,939,605	$ 6,800,328	161,770,362
Investments measured using NAV:				
Alternative investments:				
Hedge funds				20,822,513
Private equity funds				25,344,839
Real asset funds				2,036,167
Subtotal assets by NAV				48,203,519
Total assets at fair value				$ 209,973,881
Liabilities:				
Annuities payable	$	$ 3,791,402	$ 6,253,248	$ 10,044,650

During the year ended April 30, 2024, there were sales of level 3 assets and liabilities totaling $800,000 and $0, respectively. During the year ended April 30, 2023, there were sales of level 3 assets and liabilities totaling $800,000 and $765,678, respectively. There were no purchases of level 3 liabilities in 2024. There were purchases of level 3 liabilities totaling $65,982 in 2023.

The College's interests in many of its partnership investments represent commitments that are not subject to redemption; instead, the College is a limited partner in funds that invest in private companies or properties, or pursue specific investment strategies. The nature of these investments is that distributions are received through the liquidation of the underlying assets of the partnership. The Net Asset Value (NAV) reported by each fund is used as a "practical expedient" to estimate the fair value of the College's interest therein, unless management has deemed the NAV to be an inappropriate representation of the fair value under the College's valuation policy.

A summary of the significant categories of such investments and their attributes is as follows:

Asset Class	Fair Value April 30, 2024	Fair Value April 30, 2023	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Strategy	Estimated Life
Hedge funds	$ 25,441,097	$ 20,822,513	Biannual	60 days	Produce consistent capital appreciation-controlled volatility	Indefinite
Private equity funds	28,014,872	25,344,830	N/A	N/A	Invest in distressed debt, venture capital, etc.	Approximately 10 years
Real asset funds	2,112,729	2,036,167	Quarterly	60 days	Invest in income producing real properties	Approximately 10 years
Total	$ 55,568,698	$ 48,203,510				

At April 30, 2024, unfunded commitments include $18,840,000 of private equity funds, $5,420,000 of hedge funds and $4,165,000 of real asset funds.

3. Restrictions and Limitations on Net Asset Balances

At April 30, 2024 and 2023, the College's net assets without donor restrictions were as follows:

	2024	2023
Operations	$ 5,798,571	$ 7,980,317
Long-term investment	8,276,836	10,409,390
Plant	113,513,537	108,457,713
	$ 127,588,944	$ 126,847,420

Net assets with donor restrictions consist of the following:

	2024	2023
Time and purpose restricted		
Scholarships, instruction and other departmental support	$ 8,891,581	$ 2,600,471
Endowment funds	38,573,477	28,151,588
Annuity, life income and similar funds	7,396,178	7,327,011
Acquisition of buildings and equipment	4,448,172	8,578,044
Subtotal time and purpose restricted	59,309,408	46,657,114
Held in perpetuity		
Student loan funds	2,243,937	2,204,766
Endowment funds	141,217,009	136,781,127
Annuity, life income and similar funds	2,980,971	2,705,454
Subtotal held in perpetuity	146,441,917	141,691,347
	$ 205,751,325	$ 188,348,461

4. Investments

The following summarizes the College's investments, which are reported at fair value unless noted otherwise, at April 30, 2024 and 2023:

	2024	2023
Endowment funds:		
Funds held in trust by others	$ 4,986,744	$ 4,677,367
Mutual funds	125,587,042	125,242,535
Alternative investments	55,568,698	48,203,519
Real estate (at cost)	2,647	4,530
Subtotal of endowment funds	186,145,131	178,127,951
Deferred gift funds:		
Cash and short-term investments (at cost)	259,927	155,127
Common stocks	2,384,065	2,080,924
Corporate bonds and government obligations	1,273,518	2,481,024
Mutual funds	16,392,321	19,308,301
Accounts receivable (cost)		19,240
Real estate (at cost)	973,600	973,600
Cash surrender value of life insurance (at cost)	2,696,340	2,555,037
Subtotal of deferred gift funds	23,979,771	27,573,253
Agency funds:		
Cash and short-term investments (at cost)	75,696	39,512
Mutual funds	185,729	143,909
Subtotal of agency funds	261,425	183,421

Other funds:		
Cash and short-term investments (at cost)	400,109	417,732
Common stocks	174,230	155,046
Corporate bonds and government obligations	5,268,212	5,044,057
Mutual funds	549,785	514,238
Real estate (at cost)	45,988	79,988
Subtotal of other funds	6,438,324	6,211,061
Total investments	$ 216,824,651	$ 212,095,686

Through the College's alternative investments, the College is indirectly involved in investment activities such as securities lending, trading in futures, forward contracts and other derivative products. Derivatives are used to adjust portfolio risk exposure. While these instruments may contain varying degrees of risk, the College's risk with respect to such transactions is limited to its respective share in each investment pool.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

5. Liquidity and Availability

The College regularly monitors liquidity to ensure that financial assets are sufficiently available as its general expenditures, liabilities and other obligations come due. In addition, the College invests cash in excess of daily requirements in short-term investments with the objective of minimizing risk and maximizing return. The College's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2024	2023
Cash and cash equivalents	$ 11,810,813	$ 3,821,607
Student accounts receivable	1,059,997	1,102,186
Language Village and other receivables	297,576	354,097
Annuity pool assets	548,253	3,907,336
Short-term investments	6,392,336	6,131,073
Total financial assets available for general expenditure	$ 20,108,975	$ 15,316,299

The majority of Concordia's liquidity is provided by cash and cash equivalents and corporate bonds. The liquid portion of the College's annuity pool reflects matured annuities without donor restrictions that remain invested with the annuity pool assets, but could be liquidated if needed. Concordia has board designated endowment funds of $4,168,945 and $6,772,896 for the years ended April 30, 2024 and 2023, respectively, which are not included in the table above. Although the College does not intend to spend from its board designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board designated endowment funds could be made available if necessary. However, both the board designated endowment and donor-restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available (see Note 2).

6. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors during the years ended April 30, 2024 and 2023 as follows:

	2024	2023
Acquisition of land, building and equipment	$ 7,844,291	$ 150,650
Scholarships, instruction and other departmental support	17,270,988	16,133,880
Total	$ 25,115,279	$ 16,284,530

7. Credit Quality of Student Notes Receivable

The College issues uncollateralized loans to students based on financial need. Student loans were funded through Federal government loan programs or institutional resources. Student notes receivable are carried at the amount of unpaid principal less an estimate for doubtful accounts. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. At April 30, 2024 and 2023, student loans represented approximately 0.6% and 0.8% of total assets, respectively.

At April 30, 2024 and 2023, student loans consisted of the following:

	2024	2023
Federal government programs	$ 1,885,459	$ 3,248,631
Institutional programs	349,752	316,661
	2,235,211	3,565,292
Less allowance for credit losses:		
Beginning of year	(705,364)	(704,669)
Decreases/(Increases)	572,162	(695)
End of year	(133,202)	(705,364)
Student notes receivable, net	$ 2,102,009	$ 2,859,928

Funds advanced by the Federal government of $1,874,590 and $3,266,317 at April 30, 2024 and 2023, respectively, are ultimately refundable to the government and are classified as liabilities in the statements of financial position.

The Extension Act amended section 461 of the Higher Education Act to end the College's authority to make new Perkins Loans after June 30, 2018. The College is not required to assign the outstanding Perkins Loans to the Department of Education or liquidate their Perkins Loan Funds due to the wind-down of the Perkins Loan Program. However, the College may choose to liquidate at any time in the future. The College continues to service the Perkins Loan Program. During the years ended April 30, 2024 and 2023, the College returned to the government $882,018 and $1,083,023 in excess cash and recognized $5,719 and $140,731 in reimbursement for cancellations, respectively, which equally reduced the receivable for Perkins cancellations and the government grants refundable.

After a student is no longer enrolled in an institution of higher education and after a grace period, interest is charged on Perkins student loans receivable and is recognized as it is charged. Perkins student loans receivable are considered to be past due if a payment is not made within 30 days of the payment due date, at which time, late fees are charged and recognized. The Perkins Loan Program receivables may be assigned to the U.S. Department of Education. Students may be granted a deferment, forbearance or cancellation of their student loan receivable based on eligibility requirements defined by the U.S. Department of Education.

At April 30, 2024 and 2023, the following amounts were past due under student loan programs:

	Amounts Past Due			
	240 Days to 2 Years	2 Years to 5 Years	More Than 5 Years	Total
Years Ended April 30:				
2024	$ 79,361	$ 154,161	$ 75,061	$ 308,583
2023	$ 118,168	$ 287,869	$ 665,351	$ 1,071,388

8. Construction in Progress

At April 30, 2024, the following projects were in progress:

	Estimated Total Cost	Costs to Date	Funding Plan
Hoyum Hall	$ 650,000	$ 455,852	Gifts
Christiansen Stadium	2,800,000	147,314	Gifts
Korean Village	4,200,000	3,304,015	Gifts
Other Language Village projects	Unknown	24,018	Gifts/other Language Village funds
		$ 3,931,199	

Design for replacement of the track and football turf at the Jake Christiansen Stadium began in 2023. The College has entered into agreements totaling $2,800,000 for the project, which is expected to be completed in August 2024. Korean Language Village Phase 1B began in 2023 and consists of construction of villager residences and site improvements. The College has entered into an agreement with a general contractor for $3,300,000 for the project, which is expected to be completed by June 2024.

9. Property, Plant and Equipment, Net

Property, plant and equipment consist of the following at April 30, 2024 and 2023:

	2024	2023
Land	$ 4,622,485	$ 4,622,485
Improvements other than buildings	19,157,972	18,106,667
Buildings	199,829,588	191,334,477
Equipment	38,544,657	37,912,979
	262,154,702	251,976,608
Less accumulated depreciation	(120,405,340)	(116,281,922)
Total	$ 141,749,362	$ 135,694,686

10. Long-Term Debt, Net

The College had the following long-term debt outstanding at April 30, 2024 and 2023:

	2024	2023
City of Moorhead Minnesota Educational Facilities Revenue Bonds, Series 2016	$ 22,180,000	$ 24,490,000
Premium on revenue bonds, Series 2016	2,722,037	3,194,478
Deferred debt acquisition costs, Series 2016	(215,690)	(228,503)
Total	$ 24,686,347	$ 27,455,975

The Series 2016 bonds were issued by the City of Moorhead, Minnesota (at a premium of $4,545,294) to construct and renovate Ivers Hall and Jones Hall into a new integrated science complex, and to refinance outstanding principal for Series 2001, Series 2003, Series 2004 and Series 2005A bonds. The bonds have interest rates varying from 3.0% to 5.0% and mature in annual installments of $850,000 to $2,570,000 on December 1 in the years 2024 through 2040.

The College is required to maintain debt service reserve funds in the amount of the lesser of the maximum amount of principal and interest on the Series 2016 bonds payable in any remaining bond year or an amount which is 10% of the sale proceeds of the Series 2016 bonds plus 10% of the proceeds received from the issuance and sale of additional bonds or 125% of the average annual debt service of the bonds.

The maturities of long-term debt for each of the five years subsequent to April 30, 2024 approximate $2,440,000, $2,570,000, $850,000, $895,000 and $920,000 respectively.

Deferred debt acquisition costs for the 2016 Series Bonds, totaling $320,333, are being amortized over the life of the bonds. Amortization of $12,813 was recorded for the years ended April 30, 2024 and 2023.

11. Endowment

The College's endowment consists of approximately 755 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the governing board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Regents of the College has interpreted the Minnesota enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the College to appropriate for expenditure or accumulate so much of an endowment fund as 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. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Regents. See Note 1 for further information on net asset classification.

In accordance with UPMIFA, the Board of Regents considers the following factors in deciding to appropriate or accumulate endowment funds:

1. The duration and preservation of the fund
2. The purpose of the College and the endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the College
7. The investment policies of the College

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

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift	Accumulated Gains (Loss)	Total	Total Funds
Board designated endowment funds	$ 4,168,945				$ 4,168,945
Donor restricted endowment funds:					
Underwater funds		$ 1,655,141	$ (99,141)	$ 1,556,000	1,556,000
Other funds		139,561,868	38,672,617	178,234,485	178,234,485
Total endowment net assets	$ 4,168,945	$ 141,217,009	$ 38,573,476	$ 179,790,485	$ 183,959,430

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

	Without Donor Restrictions	With Donor Restrictions			Total Funds
		Original Gift	Accumulated Gains (Loss)	Total	
Board designated endowment funds	$ 6,772,896				$ 6,772,896
Donor restricted endowment funds:					
Underwater funds		$ 5,825,462	$ (287,888)	$ 5,537,574	5,537,574
Other funds		130,955,665	28,439,476	159,395,141	159,395,141
Total endowment net assets	$ 6,772,896	$ 136,781,127	$ 28,151,588	$ 164,632,715	$ 171,705,611

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, April 30, 2023	$ 6,772,896	$ 164,932,715	$ 171,705,611
Investment return	744,990	17,836,202	18,581,192
Contributions		3,310,963	3,310,963
Other sources		15,618	15,618
Appropriation of endowment assets for expenditure	(3,348,941)	(7,340,975)	(10,689,916)
Re-designation of prior year gifts		13,712	13,712
Other changes:			
Transfer to loan funds		(44,489)	(44,489)
Matured deferred gifts		1,066,739	1,066,739
Endowment net assets, April 30, 2024	$ 4,168,945	$ 179,790,485	$ 183,959,430

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, April 30, 2022	$ 13,195,700	$ 164,146,171	$ 177,341,871
Investment return	81,531	1,668,251	1,749,782
Contributions		2,836,466	2,836,466
Other sources		24,147	24,147
Appropriation of endowment assets for expenditure	(6,504,335)	(6,766,973)	(13,271,308)
Re-designation of prior year gifts		16,354	16,354
Other changes:			
Transfer to loan funds		(41,903)	(41,903)
Matured deferred gifts		3,050,202	3,050,202
Endowment net assets, April 30, 2023	$ 6,772,896	$ 164,932,715	$ 171,705,611

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 UPMIFA requires the College to retain as a fund of perpetual duration. Approximately twenty-eight endowment funds had deficiencies of this nature that are reported in net assets with donor restrictions were $99,141 and $287,888 as of April 30, 2024 and 2023, respectively. These deficiencies resulted from unfavorable market conditions that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the governing board. The Investment Committee of the Board of Regents has approved a spending constraint threshold which states that if the market value is less than the specified threshold, no award would be made from that particular endowment and the distribution would be returned to principal. The Investment Committee approved a 75% spending constraint be applied to true endowment funds.

Return Objectives and Risk Parameters

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(s) as well as board-designated funds. Under this policy, as approved by the governing board, the long-term minimum need of the endowment is to exceed a total return averaging at least the annual spending rate plus inflation, fees and costs. The long-term objective is to build endowment value over time by achieving incremental returns in excess of need while appropriately managing portfolio risk.

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 a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The College had a policy of appropriating for distribution each year no more than 5% of its endowment fund’s average fair value over the prior 20 trailing quarters ending October 31, 2022 for fiscal 2024 and October 31, 2021 for fiscal 2023, respectively. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to grow. This is consistent with the College’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The College appropriates board designated funds to support the debt service obligation as part of the annual budget process. If additional appropriation is considered necessary, the action will be authorized by the Board of Regents and the allocation will be made from the quasi-endowed funds. An additional appropriation was approved for the fiscal years ending April 30, 2024 and 2023 of $2,200,000 and $4,250,000, respectively.

12. Commitments and Contingencies

The College leases certain equipment under noncancelable operating leases expiring through September 2028 and noncancelable finance leases expiring through April 2025. The discount rate used upon adoption of the lease standard was 2.25%. Rent expense was approximately $532,000 and $408,000 in 2024 and 2023, respectively. The operating and financing right to use assets are included in other assets and the related liabilities are included in accrued expenses on the statements of financial position.

Future payments for the years ended April 30, as follows:

	Operating Lease	Finance Lease
2025	$ 92,543	115,532
2026	54,867	
2027	17,600	
2028	18,000	
2029	6,000	
	189,010	115,532
Less present value discount	(8,456)	(2,542)
Lease liability	$ 180,554	$ 112,990

The College has entered into agreements with companies for services related to facilities, information technology and telecommunications. Future commitments are as follows: 2025 - $1,800,000; 2026 - $1,400,000; 2027 - $1,000,000; 2028 - $900,000 and 2029 - $200,000.

In order to participate in the various Federal Title IV financial aid programs, the U.S. Department of Education requires private nonprofit institutions to demonstrate financial responsibility by meeting certain ratio requirements. The College was following these requirements at April 30, 2024 and 2023.

The College is contingently liable in connection with claims and contracts, including those currently in litigation arising in the normal course of its activities. In the opinion of management, the results of these matters, if any, will not have a significant impact on the financial statements.

13. Deferred Gift Agreements

The College has arrangements with donors classified as charitable remainder trusts, charitable gift annuities and life income funds. In general, under these arrangements the College receives a gift from a donor in which it has a remainder interest and agrees to pay the donor stipulated amounts over the remaining life of the donor(s). The arrangement may cover one or more lives. The College invests and administers the related assets and makes distributions to the beneficiaries as required. When the agreement reaches the end of its term, remaining assets are retained by the College as net assets with donor restrictions and net assets without donor restrictions, or in some instances, distributed to third-party beneficiaries.

When a gift is received under one of these arrangements, it is split into the amount representing the actuarial present value of the future distributions to the donor and the remaining gift value to be retained for the benefit of the College or third-party beneficiaries. The actuarial liability is adjusted annually using actuarial tables appropriate for the type of arrangement, number of lives covered and age of the donor. The College elected to record the actuarial liability based on fair value and accordingly, used a discount rate of 5.00% and 4.00% in making the calculations for the years ended April 30, 2024 and 2023, respectively. Management believes that the use of fair value reduces the cost of measuring split interest obligations in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those obligations were measured using present value techniques and historical discount rates.

Information pertaining to the College's deferred gift agreements for the years ended April 30, 2024 and 2023 follows:

	2024	2023
Deferred gift income recognized	$	$ 130,475
Annuities payable related to new gifts		118,375
Total funds received	$	$ 248,850
Total deferred gift assets	$ 23,979,771	$ 27,573,253
Total deferred gift liabilities, including amounts due to other funds	$ 10,582,107	$ 14,566,581

14. Self-Insurance

The College provides medical benefits through a self-insurance plan which is available to all employees of the College for certain medical expenses. Accrued liabilities include an estimate of amounts due and payable on existing claims for which the College is self-insured and which are expected to be settled currently. The College is self-insured for the first $150,000 per claim with an aggregate stop loss of $7,256,000.

15. Concentrations

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents, investments, accounts receivable and notes. Cash and cash equivalents in excess of FDIC and similar coverages is subject to the usual risks of balances in excess of those limits. The majority of the College's cash and cash equivalents are on deposit with two banks. Investments are diversified in order to limit credit risk. Concentrations of credit risk, with respect to the notes, are limited due to the College typically holding a secured position in those agreements. Student notes and receivables and other receivables are due from a variety of sources concentrated primarily in the Midwestern United States. In addition, the College's students receive a substantial amount of support from state and federal student financial assistance programs which are subject to audit by government agencies. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the College's programs and activities.

16. Related Party Transactions

The Board of Regents and key members of management complete conflict of interest statements, which are collected annually by the President's Office, with oversight from the Treasurer and Audit Committee, to ensure any related party transactions are identified and reported timely. Contributions made by non-compensated members of the Board of Regents totaled approximately $469,000 and $321,000 for the years ended April 30, 2024 and 2023, respectively. There are no other unsecured or secured related party receivables at April 30, 2024 and 2023.

17. Expenses by Function and Nature

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the College. These expenses include plant operations, depreciation and interest, which are allocated based on the building square footage. Certain other expenses, including Information Technology, have been allocated among the programs and supporting services benefited.

Expenses for the year ended April 30, 2024, including the following:

	Total Expenses	Salaries and Wages	Fringe Benefits	Plant Operations	Depreciation, Amortization and Accretion	Interest	Other
Instruction	$ 24,024,826	$ 12,087,949	$ 4,235,161	$ 2,192,091	$ 2,393,745	$ 343,632	$ 2,772,248
Research	44,941						44,941
Public service	172,600	89,935	33,804				48,861
Academic support	5,658,806	2,468,193	818,402	326,963	321,494	6,951	1,716,803
Student services	13,091,557	4,656,851	1,634,507	1,441,516	751,032	103,372	4,504,279
Auxiliary enterprises	15,682,737	3,967,329	1,408,837	2,498,490	974,815	167,365	6,665,901
Independent operations	12,449,703	5,781,258	1,364,023	56,208	584,724	10,713	4,652,777
Institutional support	13,790,237	6,252,131	1,959,397	339,301	662,006	25,492	4,551,910
Plant operations		2,860,239	1,074,555	(6,854,569)			2,919,775
Total expenses	$ 84,915,407	$ 38,163,885	$ 12,528,686	$	$ 5,687,816	$ 657,525	$ 27,877,495

Expenses for the year ended April 30, 2023, including the following:

	Total Expenses	Salaries and Wages	Fringe Benefits	Plant Operations	Depreciation, Amortization and Accretion	Interest	Other
Instruction	$ 22,691,614	$ 11,541,373	$ 3,996,708	$ 2,091,630	$ 2,363,185	$ 419,180	$ 2,279,538
Research	201,543	36,111	6,070				159,362
Public service	180,382	88,383	31,220				60,779
Academic support	5,954,051	2,577,343	837,697	328,617	327,836	8,513	1,874,045
Student services	12,278,305	4,471,754	1,468,566	1,448,625	714,071	126,323	4,048,966
Auxiliary enterprises	15,162,408	3,828,747	1,305,552	2,509,007	905,921	201,436	6,411,745
Independent operations	12,168,110	5,347,088	1,226,744	56,915	573,091	10,268	4,954,004
Institutional support	13,913,781	5,930,759	1,819,983	340,813	734,250	26,469	5,061,507
Plant operations		2,697,453	959,304	(6,775,607)			3,118,850
Total expenses	$ 82,550,194	$ 36,519,011	$ 11,651,844	$	$ 5,618,354	$ 792,189	$ 27,968,796

18. Supplemental Disclosure of Cash Flow Information

	2024	2023
Interest paid	$ 1,138,650	$ 1,248,150
Noncash investing and financing activities:		
Capital related items included in accounts payable	330,012	1,152,029

19. Subsequent Events

Concordia College has evaluated subsequent events through August 19, 2024, which is the date that the financial statements were issued.