Financial Statements Together with Report of Independent Certified Public Accountants

Wagner College

August 31, 2024 and 2023

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Wagner College

Opinion
We have audited the financial statements of Wagner College (the "College"), which comprise the balance sheets as of August 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of August 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Grant Thornton LLP

New York, New York
February 27, 2025

Wagner College

BALANCE SHEETS

August 31,

	2024	2023
ASSETS		
Cash and cash equivalents	$ 2,490,765	$ 14,213,684
Accounts receivable, less allowance for credit losses of $300,000 and $350,000 as of August 31, 2024 and 2023, respectively	3,623,457	4,453,999
Inventory and prepaid expenses	2,013,474	1,610,117
Contributions receivable, net	370,698	391,558
Loans receivable, net	761,054	952,885
Investments	124,188,626	110,714,253
Amounts held by bond trustees	31,164,071	59,042,637
Right of use assets for operating leases	390,160	557,927
Property, plant, and equipment, net	112,746,606	87,150,401
Total assets	$ 277,748,911	$ 279,087,461
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 9,242,917	$ 6,756,609
Deferred revenue	18,389,943	17,555,557
Student deposits	6,109	70,985
Amounts held for others	177,913	184,778
Postretirement benefit obligation	22,961	27,940
Lease liability - operating leases	390,160	557,927
Lease liability - financing leases	1,155,509	1,493,221
Conditional asset retirement obligations	4,075,270	3,822,400
Refundable federal grants	779,788	933,686
Long-term debt, net	117,780,453	118,106,227
Total liabilities	152,021,023	149,509,330
Commitments and contingencies		
Net assets (deficit)		
Without donor restrictions	(1,072,463)	15,523,193
With donor restrictions	126,800,351	114,054,938
Total net assets	125,727,888	129,578,131
Total liabilities and net assets	$ 277,748,911	$ 279,087,461

The accompanying notes are an integral part of these financial statements.

Wagner College

STATEMENT OF ACTIVITIES

Year ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Revenue and support			
Student revenues, net	$ 56,189,706	$ -	$ 56,189,706
New York State appropriations	132,086	-	132,086
Contributions	1,772,265	-	1,772,265
Contributions restricted to programs	-	1,870,972	1,870,972
Government grants and contracts	917,721	-	917,721
Endowment return used in operations	1,733,510	3,448,681	5,182,191
Other	4,813,041	-	4,813,041
Net assets released from restrictions	3,318,163	(3,318,163)	-
Total operating revenue and support	68,876,492	2,001,490	70,877,982
Expenses			
Instruction	24,863,527	-	24,863,527
Academic support	4,235,750	-	4,235,750
Student services	24,111,093	-	24,111,093
Institutional support	17,038,866	-	17,038,866
Auxiliary enterprises	17,272,603	-	17,272,603
Total expenses	87,521,839	-	87,521,839
Changes in net assets from operating activities	(18,645,347)	2,001,490	(16,643,857)
Nonoperating activities			
Contributions restricted to endowment	-	215,804	215,804
Investment gains, net of endowment return used in operations	2,049,691	10,528,119	12,577,810
CHANGES IN NET ASSETS	(16,595,656)	12,745,413	(3,850,243)
Net assets, beginning of year	15,523,193	114,054,938	129,578,131
Net assets (deficit), end of year	$ (1,072,463)	$ 126,800,351	$ 125,727,888

The accompanying notes are an integral part of this financial statement.

Wagner College

STATEMENT OF ACTIVITIES

Year ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Revenue and support			
Student revenues, net	$ 56,614,903	$ -	$ 56,614,903
New York State appropriations	138,064	-	138,064
Contributions	4,274,283	-	4,274,283
Contributions restricted to programs	-	1,932,378	1,932,378
Government grants and contracts	531,842	-	531,842
Endowment return used in operations	1,685,473	3,268,557	4,954,030
Other	3,571,619	-	3,571,619
Net assets released from restrictions	2,979,589	(2,979,589)	-
Total operating revenue and support	69,795,773	2,221,346	72,017,119
Expenses			
Instruction	22,293,556	-	22,293,556
Academic support	4,034,340	-	4,034,340
Student services	21,779,952	-	21,779,952
Institutional support	14,181,886	-	14,181,886
Auxiliary enterprises	14,326,835	-	14,326,835
Total expenses	76,616,569	-	76,616,569
Changes in net assets from operating activities	(6,820,796)	2,221,346	(4,599,450)
Nonoperating activities			
Contributions restricted to endowment	-	5,211,745	5,211,745
Investment gains, net of endowment return used in operations	371,026	2,922,736	3,293,762
Reclassification of net assets	(9,334,168)	9,334,168	-
CHANGES IN NET ASSETS	(15,783,938)	19,689,995	3,906,057
Net assets, beginning of year	31,307,131	94,364,943	125,672,074
Net assets, end of year	$ 15,523,193	$ 114,054,938	$ 129,578,131

The accompanying notes are an integral part of this financial statement.

Wagner College

STATEMENTS OF CASH FLOWS

Years ended August 31,

	2024	2023
Cash flows from operating activities:		
Changes in net assets	$ (3,850,243)	$ 3,906,057
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	5,876,850	4,317,731
Change in right-of-use assets for operating leases	282,148	286,816
Accretion of interest on conditional asset retirement obligations	252,870	238,320
Amortization of bond issuance costs	36,923	36,923
Amortization of bond premium	(187,802)	(187,802)
Amortization of loan discounts	76,664	100,095
Net realized and unrealized gains on investments	(15,406,965)	(5,819,557)
Decrease in allowance for credit losses and notes	(50,000)	(291,000)
Contributions and investment return restricted for long-term purposes	(1,468,371)	(5,810,363)
Changes in assets and liabilities:		
Accounts receivable	880,542	(619,860)
Inventory and prepaid expenses	(403,357)	(81,038)
Contributions receivable	20,860	(41,707)
Accounts payable and accrued expenses	226,337	(478,166)
Deferred revenue	834,386	(159,787)
Student deposits	(64,876)	34,046
Amounts held for others	(6,865)	(2,491)
Postretirement benefit obligation	(4,979)	(5,475)
Lease liability - operating leases	(282,148)	(286,816)
Net cash used in operating activities	(13,238,026)	(4,864,074)
Cash flows from investing activities:		
Payments made for acquisition of property, plant, and equipment	(29,213,084)	(19,957,879)
Proceeds from sales of investments	40,294,355	25,882,933
Purchases of investments	(38,361,763)	(27,925,133)
Loans collected from students	191,831	665,455
Net cash used in investing activities	(27,088,661)	(21,334,624)
Cash flows from financing activities:		
Contributions and investment return restricted for long-term purposes	1,468,371	5,810,363
Repayments of long-term debt	(251,559)	(251,557)
Principal payments on finance lease obligations	(337,712)	(366,783)
Decrease in refundable federal grants	(153,898)	(790,319)
Net cash provided by financing activities	725,202	4,401,704
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(39,601,485)	(21,796,994)
Cash, cash equivalents, and restricted cash at beginning of year	73,256,321	95,053,315
Cash, cash equivalents, and restricted cash at end of year	$ 33,654,836	$ 73,256,321
Supplemental disclosure of cash flow information:		
Interest paid	$ 5,449,167	$ 4,598,684
Supplemental disclosure of noncash transaction:		
Right-of-use assets acquired under operating leases	$ 114,381	$ 300,104
Acquisition of property and equipment in accounts payable	$ 2,259,971	$ 3,109,183

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF OPERATIONS

Wagner College (the "College") is a private residential college located on Staten Island in New York City. It is strongly committed to undergraduate and graduate education in which all professional and liberal arts majors receive the foundation of a broad-based core of knowledge. The College prepares students for life, as well as for careers, by emphasizing scholarship, achievement, leadership, and citizenship. The College grants the degrees of bachelor of arts, bachelor of science, bachelor of science in education, master of business administration, master of science in education, master of science in accounting, master of science in nursing, master of science in microbiology, master of science in advanced physician assistant, and doctor of nursing practice.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the College's resources are classified and reported based upon the existence or absence of donor-imposed restrictions, as follows:

> *Without donor restrictions* - Net assets that are not subject to donor-imposed stipulations, including resources designated by the College's Board of Trustees to function as endowments (quasi-endowments) (see Note 16).
>
> *With donor restrictions* - Net assets subject to donor-imposed stipulations that will be met either by actions of the College or the passage of time (see Note 11), or net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the College (see Notes 11 and 16).

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by express donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Correction of an Error

The College identified an error impacting previously issued financial statements in fiscal year 2023. The error resulted in an adjustment to increase the College's net assets with donor restrictions by approximately $9.3 million, with a corresponding decrease in net assets without donor restrictions. The error does not impact total net assets, total assets, total liabilities, total revenues, or total expenses for any given year. The College evaluated the materiality of the error in accordance with the applicable guidance, and concluded that the error was not material to the College's previously issued financial statements. The error was corrected in the August 31, 2023 statement of activities as a reclassification of net assets.

Cash Equivalents

Money market accounts, certificates of deposit, and highly liquid debt instruments with original maturities of three months or less at the date of purchase are considered cash equivalents, with the exception of those managed as part of the College's long-term investment portfolio.

Cash and Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported on the accompanying balance sheets that total the amounts presented on the accompanying statements of cash flows.

	2024	2023
Cash and cash equivalents	$ 2,490,765	$ 14,213,684
Amounts held by bond trustees (restricted cash)	31,164,071	59,042,637
Total cash and restricted cash shown on the statements of cash flows	$ 33,654,836	$ 73,256,321

Amounts held by bond trustees represent amounts contractually required in connection with the College's bond obligations (see Note 10 for additional details).

Investments

Investments in equity and debt securities with readily determinable fair values are measured at fair value based upon quoted market prices as of the reporting date. Investments in non-exchange traded funds are based upon net asset values ("NAV") provided by the respective external investment manager, which are reviewed and evaluated by the College for reasonableness. NAV is used as a practical expedient to measure and report fair value.

Realized and unrealized gains and losses are recognized as changes in net assets in the period in which they occur, and investment income (interest and dividends) is recognized as revenue in the period earned.

Investments related to charitable remainder trusts are recognized at the date the trusts are established at the present value of the estimated future cash flows to be received by the College.

Endowment Spending Rate

The College has interpreted New York State law to allow for the spending of income and gains on investments of gifts for the donor-restricted endowment, absent explicit donor stipulations that all or a portion of such income or gains be maintained in perpetuity. New York State law allows the College's Board of Trustees to appropriate for expenditure and spend such income and gains, as is prudent, considering such factors as the College's long- and short-term needs, present and anticipated financial requirements, expected total return on investments, price level trends, general economic conditions, and alternatives to spending endowment assets. Accordingly, such income and realized and unrealized gains and losses are reported as with or without donor restrictions, based upon the amount of income and gains and losses that have been appropriated for expenditure by the Board of Trustees. Amounts appropriated for expenditure from donor-restricted endowments are also reflected within net assets released from restrictions on the accompanying statements of activities. However, there are two gifts for the donor-restricted endowment, which the donors have stipulated that a portion of such income and gains be maintained in perpetuity.

The College has adopted an endowment spending policy for endowment funds that do not have a spending policy articulated in the terms of the respective gift instrument. This policy allows for spending up to 5% of a 12-quarter average fair value of endowment investments, measured as of May 31st each year, for spending in the subsequent fiscal year. The College's Board of Trustees approved spending 5% of the endowment funds in each of the years ended August 31, 2024 and 2023.

Fair Value Hierarchy

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy was established, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

There are three levels of inputs that may be used to measure and report fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities as of the measurement date.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurement of the assets or liabilities.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset or liability, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized through the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

The College’s accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer.

Bond Issuance Costs

Expenses incurred in connection with debt financings are deferred and amortized over the life of the related debt to which they pertain. Bond issuance costs are presented on the balance sheets as a direct reduction from the carrying value of the associated debt obligation.

Property, Plant, and Equipment

Physical plant and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Library books are capitalized at a nominal value of $1 per volume.

Depreciation of plant assets is computed on a straight-line basis over their estimated useful lives. Depreciable lives of buildings and betterments, including land improvements, range from 15 to 50 years. Furnishings and equipment are depreciated over a useful life of seven years. Computer hardware is depreciated over a useful life of three to seven years.

Deferred Revenue

Tuition and fees collected in advance of the academic year to which they pertain are recorded as deferred revenue on the balance sheets.

Refundable Federal Grants

Funds provided by the U.S. government under the Federal Perkins and Nursing Student Loan programs are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the U.S. government and are presented on the balance sheets as a liability.

On September 30, 2017, the authority for schools to make new loans under the Federal Perkins Loan program ended and final disbursements to students were permitted through June 30, 2018. The College intends to continue servicing the outstanding loans and to remit the federal share of repayments to the U.S. Department of Education.

Revenues and Accounts Receivable

The College derives its revenue principally from student tuition and fees, student housing and dining services revenues, contributions, grants and investment returns. The carrying value of student receivables has been reduced by an estimated allowance for credit losses, based on historical collection experience, current conditions, and reasonable forecasts as of the reporting date, and therefore, approximates net realizable value. Receivables are written-off in the period in which they are deemed to be uncollectible.

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), the College recognizes revenue when control of the promised goods or services are transferred to the College’s students or outside parties in an amount that reflects the consideration the College expects to be entitled to in exchange for those goods or services. The College applies the five-step revenue model stipulated by ASC 606 to applicable revenue streams in order to determine when revenue is earned and recognized. The five-step model requires the College to i.) identify contracts with customers, ii.) identify performance obligations related to those contracts, iii.) determine the transaction price, iv.) allocate that transaction price to performance obligations, and v.) recognize revenue when or as the College satisfies a performance obligation.

ASC 606 also requires disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The College identifies tuition and fees, auxiliary revenues, and other income as revenue categories subject to ASC 606. The College recognizes contracts with customers as goods or services are transferred or provided in accordance with ASC 606.

Contributions

The College recognizes revenue from contributions in accordance with ASC 958-605, *Not-for-Profit Entities - Revenue Recognition.* In accordance with ASC 958-605, the College evaluates whether a transfer of assets is (i) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred; or, (ii) a contribution. If the transfer of assets is determined to be an exchange transaction, the College applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the College evaluates whether the contribution is conditional based upon whether the agreement includes both (i) one or more barriers that must be overcome before the College is entitled to the assets transferred and promised; and (ii) a right of return of assets transferred or a right or release of a promisor’s obligation to transfer assets.

Contributions, including unconditional promises to give (pledges), are recognized as revenue when received. Contributions to be received after one year are discounted using an appropriate discount rate which articulates with the collection period of the respective pledge. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed stipulations, if any. Expirations of restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions on the statement of activities.

Auxiliary Enterprises

Auxiliary enterprises primarily consist of student housing, dining services, and bookstore operations. Auxiliary enterprises expenses include direct administration and general costs related to their operation, as well as allocable portions of interest, depreciation, and operation and maintenance costs.

Fund-raising Expenses

Institutional support includes fund-raising expenses which approximated $1,760,000 and $1,480,000 for the years ended August 31, 2024 and 2023, respectively.

Operating Measure

The accompanying statements of activities distinguish between operating and nonoperating activities. Operating activities principally include all revenues and expenses that relate to the College's educational programs and supporting activities. Operating revenues also include non-endowment and capital related contributions; endowment return, pursuant to the College's spending policy; and releases of restricted net assets in support of operating purposes. The College has defined nonoperating activities principally to include private gifts held in perpetuity and for capital purposes and their subsequent release, investment return in excess of (less than) amounts used for operations, as well as other nonrecurring activities and other gains and losses.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

The College maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The College has not experienced, nor does it anticipate, any losses with respect to such accounts.

Income Taxes

The College has been classified as a Section 501(c)(3) organization and is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code ("IRC") and similar provisions under New York State tax laws. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

The College follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard requires that a tax position be recognized or derecognized based on a "more likely than not" threshold, and applies to positions taken or expected to be taken in a tax return. During the years ended August 31, 2024 and 2023, the College evaluated its tax positions and concluded that it does not have any uncertain tax positions that meet the criteria under the standard. The College has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and, to identify and evaluate other matters that may be considered tax positions.

Leases

The College determines if an arrangement is a lease or a service contract at inception. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. When an arrangement is a lease, the College determines if it's an operating or a finance lease.

Leases result in recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheets. ROU assets represent the right to use, or control the use of, a specified asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. For the initial and subsequent measurement of all lease liabilities, the discount rate is based on the rate implied within the lease, or on the College's incremental borrowing rate using a period comparable with the lease term, or a risk-free rate of return for a period comparable with the lease term.

The lease term may include options to extend or terminate the lease that the College is reasonably certain to exercise. Operating lease expense is generally recognized on a straight-line basis over the lease term. A ROU asset and lease liability is not recognized for leases with an initial term of 12 months or less.

New Accounting Standards

The FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 325): Measurement of Credit Losses on Financial Instruments* (ASC 326), effective for the College's fiscal year ended August 31, 2024. This standard replaced the incurred loss methodology with an expected loss methodology, referred to as the current expected credit loss ("CECL") methodology. The College has estimated credit losses on its financial instruments using historical experience, current conditions, and reasonable forecasts at each reporting date. This approach applies to financial assets, which will be presented at the net amount expected to be collected by utilizing an allowance for credit losses. The College has adopted this ASU using the modified retrospective transition approach. The impact of adopting this standard was not material to the financial statements, and therefore no adjustment to the beginning net assets was made.

Reclassifications

Certain amounts from the 2023 financial statements have been reclassified to conform to the 2024 presentation. However, there was no impact on total assets, liabilities, net assets, revenues, or expenses as a result of these reclassifications.

Subsequent Events

The College evaluated events subsequent to August 31, 2024 through February 27, 2025, the date these financial statements were issued.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the following notes.

NOTE 3 - STUDENT REVENUES, NET

The College has various revenue streams that revolve mainly around student enrollment and instruction. Revenue is generated mainly through tuition, student housing, dining services, and various fees associated with student enrollment in the College. These revenues are recognized over the academic terms to which they relate, which coincides with the satisfaction of the specific performance obligation to the student. Tuition, student housing, dining services and other fees pertaining to incomplete terms are apportioned, deferred and recognized in the fiscal year in which the instruction occurs or relevant services are provided. Generally, enrollment and instructional services are billed when a course or term begins, and are due for payment within thirty days of the bill date.

In the following table, student revenue is disaggregated by type of service provided:

	For the Year Ended August 31, 2024		
	Tuition and Fees	Housing and Dining Services	Total
Revenues	$ 89,204,590	$ 15,113,690	$ 104,318,280
Less: scholarships	(46,779,174)	(1,349,400)	(48,128,574)
	$ 42,425,416	$ 13,764,290	$ 56,189,706

	For the Year Ended August 31, 2023		
	Tuition and Fees	Housing and Dining Services	Total
Revenues	$ 87,814,665	$ 14,412,038	$ 102,226,703
Less: scholarships	(44,206,041)	(1,405,759)	(45,611,800)
	$ 43,608,624	$ 13,006,279	$ 56,614,903

The College has taken a portfolio approach in determining whether scholarships should apply across tuition and fees, housing and dining services. In general, the College awards institutional scholarships by factoring the students' tuition and fees, and the students' expected ability to contribute towards such charges. Accordingly, except for student athletes that receive full scholarships to cover the cost of tuition, fees, housing and dining services, institutional scholarships have been applied against tuition and fee revenues only.

Deferred revenue at August 31, 2024 and 2023 totals $18,389,943 and $17,555,557, respectively, and primarily relates to the College's unsatisfied performance obligations to provide future enrollment and instructional, housing and dining services to students. For the years ended August 31, 2024 and 2023, the College recognized revenue of $17,555,557 and $17,715,344, respectively, from amounts that were included in deferred revenues at the beginning of the respective year. The changes in deferred revenues were caused by normal timing differences between the satisfaction of performance obligations and customer payments.

The College has elected, as a practical expedient, not to disclose additional information about unsatisfied performance obligations for contracts with customers that have an expected duration of one year or less.

NOTE 4 - AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The College regularly monitors liquidity required to meet its operating needs. The College's financial assets available within one year of the balance sheet dates for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	$ 2,490,765	$ 14,213,684
Accounts receivable, net, due within one year	1,330,155	2,277,343
Contributions receivable due within one year without donor restrictions	5,146	6,353
Total financial assets available within one year	3,826,066	16,497,380
Anticipated endowment return to be used within one year	5,479,813	4,900,000
Financial assets available to management for general expenditures within one year	$ 9,305,879	$ 21,397,380

The College's Board of Trustees has designated a portion of its resources without donor restrictions for endowment (board-designated endowment funds). These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board of Trustees. At August 31, 2024 and 2023, board-designated endowment funds totaled $25,865,208 and $23,815,517, respectively.

The accompanying financial statements reflect losses from operating activities without donor restrictions totaling $18,645,347 and $6,820,796 and cash used in operating activities totaling $13,238,026 and $4,864,074 for the years ended August 31, 2024 and 2023, respectively. The College is primarily dependent on its ability to generate sufficient cash flows from its operations to provide for its operating costs and to service existing debt obligations. In October 2024, the College's Board of Trustees approved unrestricting up to $17,000,000 from the board-designated endowment funds to supplement operating cash flows. In light of these negative trends, the College is pursuing a multi-year strategic and financial plan to reduce operating costs and diversify revenues to improve financial performance.

NOTE 5 - STUDENT LOANS RECEIVABLE, NET

The College makes uncollateralized loans to students based on financial need. Student loans are funded through the Federal government Perkins and Nursing revolving student loan programs. At August 31, 2024 and 2023, student loans, net, totaled $761,054 and $952,885, respectively, and included an allowance for credit losses of $250,000 as of both August 31, 2024 and August 31, 2023.

The availability of funds for loans under the Federal programs described above is dependent upon repayments of outstanding loans by students. Funds advanced to students totaled $95,078 and $121,250 during the years ended August 31, 2024 and 2023. The federal portion of the amounts loaned to students is ultimately refundable to the government and has been classified as a liability on the accompanying balance sheets. Outstanding loans cancelled under the programs result in a reduction of funds available for future loans and a decrease in the liability to the government.

At August 31, 2024 and 2023, the following amounts were past due under the Federal Perkins and Nursing student loan programs:

August 31,	60 Days or Less Past Due	60 Days to 180 Days Past Due	180 Days to 2 Years Past Due	2 Years or More Past Due	Total
2024	$ 19,475	$ 15,511	$ 112,457	$ 76,341	$ 223,784
2023	$ 33,359	$ 4,023	$ 60,931	$ 78,327	$ 176,640

Allowances for credit losses 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.

NOTE 6 - INVESTMENTS

Investments at August 31, 2024 and 2023 consist of the following:

	2024	2023
Short-term securities	$ 4,234,733	$ 5,288,694
Fixed income:		
U.S. government securities	2,892,957	4,272,241
Corporate securities - domestic	893,217	2,487,522
Fixed income mutual funds - domestic	26,256,244	24,549,888
Equities:		
Domestic common stock	18,237,780	14,285,996
International common stock	4,222,975	3,891,280
Domestic equity mutual funds	39,578,583	32,377,211
International equity mutual funds	20,528,949	15,963,772
Other mutual funds:		
Commodities	1,977,499	1,766,485
Alternative strategies:		
Hedge funds	-	289,308
Private equities	1,845,841	1,827,025
Real estate	2,506,370	2,831,835
Funds held in trust	1,013,478	882,996
Total investments	$ 124,188,626	$ 110,714,253

Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near-term, and that such changes could materially affect the amounts reported on the accompanying financial statements.

The College began pursuing alternative investment strategies during the year ended August 31, 2011 as a way of decreasing investment volatility while securing a desired return. Currently, the College is invested in hedge funds and private equity funds. The hedge funds and private equity funds all have monthly pricing based on a reported NAV, except for one of the private equity funds, which has quarterly pricing based on NAV, which is adjusted to reflect subsequent sales, purchases, fees and performance through August 31st. All other investments can be redeemed on a daily basis.

The College uses the NAV per share to determine the fair value of all the underlying investment funds which: (a) do not have a readily determinable fair value; and (b) prepare their investees' financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments reported at fair value using a NAV by major asset category as of August 31, 2024 and 2023:

	NAV in Funds				
Type of Fund	2024	2023	# of Funds in 2024	# of Funds in 2023	Redemption Frequency
PEG Secondary (private equity) [a]	$ 88,380	$ 117,678	1	1	N/A; 10 year investment term
Benefit Street Partners (private equity) [b]	399,034	423,920	1	1	N/A; 7 year investment term
LEP XVI Landmark (private equity) [c]	521,534	520,817	1	1	Monthly
PEG Global (private equity) [d]	836,893	764,610	1	1	N/A; 5 year investment term
Senator Global Opportunity (hedge fund) [e]	-	25,540	-	1	Quarterly
Global Access (hedge fund) [f]	-	263,768	-	1	Quarterly
Clarion Private Investors, LLC (real estate) [g]	1,241,730	1,484,186	1	1	Daily
CPI (Carlyle Property) Private Investors, LLC (real estate) [h]	1,264,640	1,347,649	1	1	Daily
Total	$ 4,352,211	$ 4,948,168	6	8	

The following provides a description of the investing strategies employed by each respective fund detailed above:

(a) The PEG Secondary Private Equity fund has a strategy of being an opportunistic secondary investor and utilizes its extensive network and reputation to source and secure secondary investments.

(b) The Benefit Street Partners Private Equity fund invests across credit, private debt, liquid credit, and commercial real estate debt.

(c) The LEP XVI Landmark fund is predicated on creatively solving its counterparties' liquidity objectives, often in ways that cannot be addressed in a traditional auction market. The fund focuses on exclusive transactions that require structuring for incremental value creation or downside protection.

(d) The PEG Global Private Equity fund is a diversified fund that provides exposure to secondary funds.

(e) The Senator Global Opportunity hedge fund is an event-driven fund.

(f) The Global Access hedge fund is an actively managed portfolio of approximately 15-35 single and diversified strategy hedge funds. The fund seeks to fully complement an existing traditional stock and bond portfolio by focusing on generating total returns, while moderating downside risk. This fund has a one-year lock-up period.

(g) The Clarion Private Investors, LLC real estate fund is a U.S. Conduit, whose sole purpose is to invest in Clarion Lion Properties Fund, LP.

(h) The CPI (Carlyle Property) Private Investors, LLC real estate fund is a Conduit, whose sole purpose is to invest in a diversified portfolio of investments in real estate related assets in the United States through Carlyle Property Investors, L.P.

The College has an unfunded commitment with respect to its investment in the PEG Secondary Private Equity fund in the amount of $318,019 and $322,339 as of August 31, 2024 and 2023, respectively, which is expected to be satisfied by fiscal 2025. The College has an unfunded commitment with respect to its investment in the Benefit Street Partners fund in the amount of $142,829 and $107,933 as of August 31, 2024 and 2023, respectively, which is expected to be satisfied by fiscal 2025. The College has an unfunded commitment with respect to its investment in the LEP XVI Landmark fund in the amount of $183,344 and $233,284 as of August 31, 2024 and 2023, respectively, which is expected to be satisfied by fiscal 2025. The College has an unfunded commitment with respect to its investment in the PEG Global Private Equity fund in the amount of $122,267 and $160,649 as of August 31, 2024 and 2023, respectively, which is expected to be satisfied by fiscal 2025.

Investment return for the years ended August 31, 2024 and 2023 consists of the following:

	2024	2023
Interest and dividends	$ 2,747,081	$ 2,760,667
Net realized gains/(losses)	187,130	(364,989)
Net unrealized gains	15,219,835	6,184,546
Investment expenses	(394,045)	(332,432)
	$ 17,760,001	$ 8,247,792

NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash and cash equivalents, accounts receivable, other receivables, deferred revenue, and accounts payable and accrued expenses approximates fair value because of the short-term nature of these financial instruments. Amounts held by bond trustees are recorded at fair value based upon quoted market prices as of the reporting date. The basis for the fair value of investments is disclosed in Note 2. Contributions receivable are stated at the present value of their expected future cash flows, which approximates fair value.

A reasonable estimate of the fair value of notes receivable from students under government loan programs could not be made because the notes are not saleable and can only be assigned to the U.S. government or its designees. The fair value of the notes receivable due from students under the College's federally sponsored loan programs approximates carrying value.

The carrying amount of long-term debt approximates fair value because these financial instruments bear interest at various rates, which, when averaged, are not significantly different from current market rates for loans with similar maturities and credit quality.

The following tables present the College's financial instruments that are measured at fair value on a recurring basis within the fair value hierarchy required by ASC 820, *Fair Value Measurements and Disclosures*, as of August 31, 2024 and 2023. There were no transfers of financial instruments among levels for the years ended August 31, 2024 or 2023.

	2024				
	Total	Level 1	Level 2	Level 3	Net Asset Value
Financial assets:					
Short-term securities	$ 4,234,733	$ 4,234,733	$ -	$ -	$ -
Fixed income:					
U.S. government securities	2,892,957	2,892,957	-	-	-
Corporate securities - domestic	893,217	893,217	-	-	-
Fixed income mutual funds - domestic	26,256,244	26,256,244	-	-	-
Equities:					
Domestic common stock	18,237,780	18,237,780	-	-	-
International common stock	4,222,975	4,222,975	-	-	-
Domestic equity mutual funds	39,578,583	39,578,583	-	-	-
International equity mutual funds	20,528,949	20,528,949	-	-	-
Other mutual funds:					
Commodities	1,977,499	1,977,499	-	-	-
Alternative strategies:					
Private equities	1,845,841	-	-	-	1,845,841
Real estate	2,506,370	-	-	-	2,506,370
Funds held in trust	1,013,478	-	-	1,013,478	-
Total investments	$ 124,188,626	$ 118,822,937	$ -	$ 1,013,478	$ 4,352,211
Amounts held by bond trustees	$ 31,164,071	$ 31,164,071	$ -	$ -	$ -

	2023				
	Total	Level 1	Level 2	Level 3	Net Asset Value
Financial assets:					
Short-term securities	$ 5,288,694	$ 5,288,694	$ -	$ -	$ -
Fixed income:					
U.S. government securities	4,272,241	4,272,241	-	-	-
Corporate securities - domestic	2,487,522	2,487,522	-	-	-
Fixed income mutual funds - domestic	24,549,888	24,549,888	-	-	-
Equities:					
Domestic common stock	14,285,996	14,285,996	-	-	-
International common stock	3,891,280	3,891,280	-	-	-
Domestic equity mutual funds	32,377,211	32,377,211	-	-	-
International equity mutual funds	15,963,772	15,963,772	-	-	-
Other mutual funds:					
Commodities	1,766,485	1,766,485	-	-	-
Alternative strategies:					
Hedge funds	289,308	-	-	-	289,308
Private equities	1,827,025	-	-	-	1,827,025
Real estate	2,831,835	-	-	-	2,831,835
Funds held in trust	882,996	-	-	882,996	-
Total investments	$ 110,714,253	$ 104,883,089	$ -	$ 882,996	$ 4,948,168
Amounts held by bond trustees	$ 59,042,637	$ 59,042,637	$ -	$ -	$ -

Included in investments is a remainder interest in a charitable remainder trust. The fair value of the College's share of the funds held in trust, which amounted to $1,013,478 and $882,996, has been recorded in investments at August 31, 2024 and 2023, respectively, and, in accordance with the terms of the trust, is included in net assets with donor restrictions. At August 31, 2024 and 2023, the College's beneficial interest in funds held in trust was classified as Level 3 within the fair value hierarchy. There were no purchases of Level 3 investments for the years ended August 31, 2024 and 2023.

NOTE 8 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net, at August 31, 2024 and 2023 are scheduled to be collected as follows:

	2024	2023
In one year	$ 171,410	$ 209,039
In one to four years	202,435	185,666
Total	373,845	394,705
Less: present value discount at 5%	(3,147)	(3,147)
	$ 370,698	$ 391,558

Contributions receivable includes approximately $150,000 due from one donor at August 31, 2024 and approximately $177,000 due from one donor at August 31, 2023.

NOTE 9 - PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net, at August 31, 2024 and 2023 consists of the following:

	2024	2023
Land	$ 4,393,475	$ 4,393,475
Land improvements	7,168,963	6,899,463
Construction in progress	-	724,380
Buildings and building improvements	178,914,846	150,725,923
Furnishings and equipment	32,521,558	28,785,775
Library books	315,735	312,506
Total	223,314,577	191,841,522
Less: accumulated depreciation	(110,567,971)	(104,691,121)
	$ 112,746,606	$ 87,150,401

Included in the furnishings and equipment and buildings and building improvements categories above are certain assets acquired under finance leases totaling $4,466,898 at August 31, 2024 and 2023 (Note 13). Also included in the buildings and building improvements category above is capitalized interest in the amount of $2,982,153 at both August 31, 2024 and 2023.

NOTE 10 - LONG-TERM DEBT, NET

Long-term debt, net, at August 31, 2024 and 2023 consists of the following:

	2024	2023
Wagner College Tax-Exempt Revenue Bonds, Series 2022, 5.000%, maturing July 1, 2026 through July 1, 2057 (including unamortized bond premium of $6,197,461 and $6,385,263 at August 31, 2024 and 2023, respectively) (a)	$ 116,197,461	$ 116,385,263
Chartwells loan 3 [b]	1,083,331	1,166,666
Discount on Chartwells loan 3 [c]	-	(6,403)
Chartwells loan 4 [d]	2,186,918	2,355,141
Discount on Chartwells loan 4 [e]	(483,791)	(554,052)
Bond issuance costs	(1,203,466)	(1,240,389)
	$ 117,780,453	$ 118,106,226

[a] On July 1, 2022, the Dormitory Authority of the State of New York issued $110,000,000 of fixed rate Wagner College Tax-Exempt Revenue Bonds, Series 2022 (the “2022 tax-exempt bonds”). The bond proceeds are being used to: (i) pay the costs of acquisition, construction, renovation and equipping of campus-wide improvements to various administrative and academic buildings, including IT system upgrades; acquisition, construction, renovation and equipping of campus-wide improvements to various student housing buildings, including renovation of interior floors, renovation to bathrooms and elevator upgrades; renovation and development of parking lots, roadways and walkways; and various campus-wide roof, window and HVAC renewal projects; (ii) pay capitalized interest on the 2022 tax-exempt bonds for approximately eighteen months; (iii) refund the outstanding 1998 tax-exempt bonds, the 2009

tax-exempt bonds and the Series 2012 bonds; (iv) fund the debt service reserve fund; and (v) pay the cost of issuance of these bonds totaling approximately $1,300,000.

The 2022 tax-exempt bonds are subject to redemption, on or after July 1, 2032, at the option of the Dormitory Authority of the State of New York, under the direction of the College, at 100% of the unpaid principal amount, plus accrued interest to the redemption date. Under the 2022 tax-exempt bonds agreement, the College is required to meet certain covenants. The College met these covenants as of August 31, 2024 and 2023.

The 2022 tax-exempt bonds were offered at prices in excess of their principal amounts. The bond premium at the date of issuance totaled $6,573,065, which is included in long-term debt in the accompanying balance sheets. The bond premium is being amortized through the maturity of the bonds, using the straight-line method.

(b) During the year ended August 31, 2014, the College obtained an interest-free loan in the amount of $3,000,000 from the Chartwells Division of Compass Group USA, Inc., with a repayment term of 10 years. The funds were used by the College to complete the repairs, renovations, and improvements to the College's Harborview Residence Hall during the year ended August 31, 2014.

During the year ended August 31, 2020, in connection with obtaining a new interest-free loan from the Chartwells Division of Compass Group USA, Inc., as described in (d) below, the maturity date of Chartwells loan 3 was extended to coincide with the maturity date of the new loan described below.

(c) Due to the interest-free nature of the $3,000,000 Chartwells loan described in (b) above, the College recorded an initial discount on this loan in the amount of $530,746, based on the calculation of the present value of the loan. The discount is included in long-term debt in the accompanying balance sheets. The loan discount is being amortized through the maturity date of the loan.

(d) During the year ended August 31, 2020, the College obtained an interest-free loan in the amount of $3,000,000 with the Chartwells Division of Compass Group USA, Inc., with a repayment term of 18 years. The funds are being used by the College for a variety of deferred maintenance issues on campus.

(e) Due to the interest-free nature of the $3,000,000 Chartwells loan described in (d) above, the College recorded an initial discount on this loan in the amount of $857,621, based on the calculation of the present value of the loan. The discount is included in long-term debt in the accompanying balance sheets. The loan discount is being amortized through the maturity date of the loan.

Future minimum principal payments due in each of the next five fiscal years and in total thereafter on the College's long-term debt at August 31, 2024 are as follows:

Year Ending August 31:	
2025	$ 250,775
2026	1,600,775
2027	1,665,775
2028	1,740,775
2029	1,815,775
Thereafter	106,196,374
Total	$ 113,270,249

Interest expense for all long-term debt arrangements discussed above for the years ended August 31, 2024 and 2023 totaled $5,388,861 and $2,430,140, respectively.

The College is required to establish and deposit with bond trustees certain funds for the benefit of bondholders and to fulfill bond commitments. These funds are invested, principally in U.S. government obligations, by the trustees until withdrawn to affect the purpose for which they were established. Deposits held by bond trustees consist of the following as of August 31, 2024 and 2023:

	2024	2023
Project cost fund	$ 22,250,926	$ 49,702,956
Debt service reserve fund	7,333,692	7,320,336
Debt service fund	1,579,453	1,028,303
Interest capitalization fund	-	991,042
Total deposits held by trustees	$ 31,164,071	$ 59,042,637

For the years ended August 31, 2024 and 2023 approximately $2,379,000 and $657,000, respectively, of investment-related income on the deposits held by trustees accounts above is included in other revenue on the Statement of Activities.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

The nature of net assets with donor restrictions, which are subject to expenditure for specific purposes, at August 31, 2024 and 2023 are as follows:

	2024	2023
Instruction	$ 17,562,836	$ 14,052,754
Scholarships	17,444,070	12,992,210
Student services	1,806,120	1,521,877
Plant operations and maintenance	16,243,543	14,386,981
Other purpose-restricted funds	3,705,461	2,581,982
Total	$ 56,762,030	$ 45,535,804

Net assets with donor restrictions also include funds to be held in perpetuity by the College. At August 31, 2024 and 2023, the income from such funds is expendable to support the following:

	2024	2023
Instruction	$ 20,739,138	$ 19,821,032
Scholarships	40,609,796	39,991,256
Student services	1,011,076	1,011,076
Plant operations and maintenance	3,893,639	3,868,639
Other purpose-restricted funds	3,784,672	3,827,131
Total	$ 70,038,321	$ 68,519,134

NOTE 12 - RETIREMENT PLAN AND OTHER POSTRETIREMENT BENEFITS

The College maintains a defined contribution (money purchase) retirement plan (the "Plan"), which covers certain faculty, administrative, and staff personnel. Benefits are provided by fixed dollar annuities issued by the Teachers Insurance and Annuity Association ("TIAA") and by variable annuities offered by its companion organization, the College Retirement Equities Fund ("CREF"). The Plan operates under Section 403(b) of the IRC and uses TIAA and CREF retirement annuities to provide pension benefits. As of January 1, 2022, the College's contribution to the Plan was 6% for all covered employees, employed for 7 years or less, and 7% for employees employed over 7 years. As of January 1, 2024, the College's contribution to the Plan was increased to 9% and 10% for all current employees employed as of August 31, 2023. However, the College's contribution to the Plan for all new employees hired after August 31, 2023 will remain at the 6% and 7% levels.

Contributions were also paid during the years ended August 31, 2024 and 2023 to three union multi-employer retirement plans for maintenance, powerhouse/grounds, and custodial personnel.

Total retirement expense pertaining to all plans for the years ended August 31, 2024 and 2023 totaled approximately $2,053,000 and $2,261,000, respectively.

Certain College employees who retired prior to 1995 will receive payments from the College designed to help defray the cost of healthcare benefits, which those retired employees must secure on their own. Those payments of $600 per each individual retiree are currently made to 7 retired College employees and are made annually during the first quarter of the calendar year. The College has recognized a liability for the present value of the annual $600 payments to each of these individuals, which at August 31, 2024 and 2023 totaled $22,961 and $27,940, respectively.

NOTE 13 - LEASES

Operating Leases

The College leases office equipment, gym equipment, and vehicles under noncancelable operating leases, which expire in fiscal years 2025 through 2028. The ROU assets and lease obligations for the College's portfolio of operating leases are recognized at the present value of the lease payments over the term of each respective lease. The College elected to use a risk-free discount rate for each lease, which is based on the corresponding Treasury yield curve rate as of the lease commencement date, to determine the present value of the lease payments.

Supplemental balance sheet information related to operating leases at August 31, 2024 and 2023:

	2024	2023
ROU assets	$ 1,262,320	$ 1,147,939
Accumulated amortization	(872,160)	(590,012)
	$ 390,160	$ 557,927

Future minimum rent obligations under the College's operating leases as of August 31, 2024 are as follows:

Year Ending August 31:	Amount
2025	$ 229,000
2026	124,000
2027	60,000
2028	4,000
Total minimum lease payments	417,000
Less: present value discount	(26,840)
Total operating lease liability	$ 390,160

Finance Leases

The College leases certain information technology equipment, athletics equipment/building improvements, and nursing equipment under finance leases, which expire in fiscal years 2025 through 2030. These leases are capitalized and included within property, plant, and equipment, net, on the accompanying balance sheets, and amortized over the term of each respective lease. The corresponding obligation under finance leases represents the present value of the rental payments.

Right-of-use assets related to the College's finance leases are reflected in property, plant, and equipment, net on the accompanying balance sheets.

Supplemental balance sheet information related to financing leases at August 31, 2024 and 2023:

	2024	2023
ROU assets	$ 4,466,898	$ 4,466,898
Accumulated amortization	(3,311,389)	(2,973,677)
	$ 1,155,509	$ 1,493,221

Future minimum rent obligations under the College's finance leases as of August 31, 2024 are as follows:

Year Ending August 31:	Amount
2025	$ 411,883
2026	330,604
2027	218,529
2028	201,600
2029	134,400
Total minimum lease payments	1,297,016
Less: interest portion	(141,507)
Total finance lease obligation	$ 1,155,509

The components of lease cost for the years ended August 31, 2024 and 2023 are as follows:

	2024	2023
Operating lease cost	$ 299,000	$ 303,000
Finance lease cost:		
Amortization of right-of-use assets	337,712	366,783
Interest on lease liabilities	80,284	103,058
Total lease cost	$ 716,996	$ 772,841

Supplemental cash flow information related to leases for the years ended August 31, 2024 and 2023 is as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 299,000	$ 303,000
Operating cash flows from finance leases	80,284	103,058
Financing cash flows from finance leases	337,712	366,783

NOTE 14 - LITIGATION

The College is involved in various claims and legal actions arising in the ordinary course of business. The College maintains insurance with respect to defense costs and potential damage awards. In the opinion of the College, the ultimate disposition of these matters will not have a material adverse effect on the College's financial statements.

NOTE 15 - CONDITIONAL ASSET RETIREMENT OBLIGATIONS

Costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets are required to be accrued. These liabilities are initially recorded at an estimated cost of remediation, with related asset retirement costs capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. The College identified asbestos abatement as a conditional asset retirement obligation and computed the present value of remediation costs to be approximately $1,300,000. Accumulated depreciation related to the capitalized assets totals $343,019 and $334,471 at August 31, 2024 and 2023, respectively. The asset retirement obligation at August 31, 2024 and 2023 totals approximately $4,000,000 and $3,800,000, respectively. Accretion expense for the years ended August 31, 2024 and 2023 totaled $252,870 and $238,320, respectively.

NOTE 16 - ENDOWMENT FUNDS

The College's endowment consists of approximately 250 individual donor-restricted funds established for a variety of purposes.

Interpretation of Relevant Law

The Board of Trustees of the College has interpreted the New York Uniform Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The College classifies as donor-restricted endowments: (a) the original value of gifts donated to its donor-restricted endowment; (b) the original value of subsequent gifts to donor-restricted endowment; and (c) accumulations of investment returns to its donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument, when applicable. Beginning in the year ended August 31, 2011, as a result of the enactment of NYPMIFA, the remaining portion of the donor-restricted endowment fund that is not classified as part of donor-restricted endowment is classified as accumulated endowment gains until such amounts are appropriated for expenditure by the College. NYPMIFA was enacted into law in September 2010. As a result, the College adopted the provisions of ASC 958, Section 205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA* during the year ended August 31, 2011.

In accordance with NYPMIFA, the College considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds:

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

Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects on the College are also considered. Effective September 1, 2012, the College's Board of Trustees designated seven net asset funds as Board-Designated (Quasi) Endowment Funds. The total net asset balance of these funds as of August 31, 2024 and 2023 totals $25,865,208 and $23,815,517, respectively.

The following tables represent the net asset classes of the College's donor-restricted and board-designated endowment funds at August 31, 2024 and 2023:

	2024			
		Net Assets with Donor Restrictions		
	Net Assets Without Donor Restrictions	Accumulated Gains	Original Gift	Total
Donor-restricted endowment funds	$ -	$ 22,061,749	$ 70,038,321	$ 92,100,070
Board-designated endowment funds	25,865,208	-	-	25,865,208
Total	$ 25,865,208	$ 22,061,749	$ 70,038,321	$ 117,965,278

	2023			
		Net Assets with Donor Restrictions		
	Net Assets Without Donor Restrictions	Accumulated Gains	Original Gift	Total
Donor-restricted endowment funds	$ -	$ 12,786,197	$ 68,519,134	$ 81,305,331
Board-designated endowment funds	23,815,517	-	-	23,815,517
Total	$ 23,815,517	$ 12,786,197	$ 68,519,134	$ 105,120,848

The following tables represent changes in endowment funds for the years ended August 31, 2024 and 2023:

	2024			
		Net Assets with Donor Restrictions		
	Net Assets Without Donor Restrictions	Accumulated Gains	Original Gift	Total
Endowment net assets, September 1, 2023	$ 23,815,517	$ 12,786,197	$ 68,519,134	$ 105,120,848
Investment gain	3,783,201	12,724,233	1,252,567	17,760,001
Amounts appropriated for expenditure	(1,733,510)	(3,448,681)	-	(5,182,191)
Contributions	-	-	215,804	215,804
Reclassification of net assets	-	-	50,816	50,816
Endowment net assets, August 31, 2024	$ 25,865,208	$ 22,061,749	$ 70,038,321	$ 117,965,278

	2023			
		Net Assets with Donor Restrictions		
	Net Assets Without Donor Restrictions	Accumulated Gains	Original Gift	Total
Endowment net assets, September 1, 2022	$ 23,444,491	$ 10,462,080	$ 62,608,770	$ 96,515,341
Investment gain	2,056,499	5,592,674	598,619	8,247,792
Amounts appropriated for expenditure	(1,685,473)	(3,268,557)	-	(4,954,030)
Contributions	-	-	5,211,745	5,211,745
Reclassification of net assets	-	-	100,000	100,000
Endowment net assets, August 31, 2023	$ 23,815,517	$ 12,786,197	$ 68,519,134	$ 105,120,848

Included in the original gifts of donor-restricted endowments above is a charitable remainder trust of $1,013,478 and $882,996 as of August 31, 2024 and 2023, respectively.

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income and growth, 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, accumulated gains earned thereon as well as board-designated funds. Under this policy, as approved by the College's Board of Trustees, the endowment assets are invested in a manner that is intended to produce moderate to high rates of return, while assuming a moderate to low level of investment risk.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA require to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions to the extent there are accumulated gains available to absorb such loss, or otherwise net assets without donor restrictions. There were no such deficiencies as of August 31, 2024 and 2023.

NOTE 17 - EXPENSES

Expenses are reported in the accompanying statements of activities in categories recommended by the National Association of College and University Business Officers. Operation and maintenance of plant, depreciation expense, and interest expense are allocated among the expense categories based on management's best estimate of each function's proportionate share of the total expense. The College's expense categories reported in the statements of activities are instruction, academic support, student services, institutional support, and auxiliary enterprises.

The table below details the College's operating expenses by natural and functional expense classification for the years ended August 31, 2024 and 2023:

	2024					
	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Total Expenses
Salaries and wages	$ 14,064,966	$ 622,737	$ 8,496,546	$ 6,320,165	$ 974,408	$ 30,478,822
Employee benefits	5,138,871	317,315	4,710,531	2,866,244	485,899	13,518,860
Supplies, services, and other	1,008,511	2,503,324	6,393,592	4,665,370	12,581,108	27,151,905
Utilities and insurance	1,427,902	243,257	1,384,690	978,420	991,988	5,026,257
Depreciation	1,669,545	284,423	1,619,022	1,143,999	1,159,861	5,876,850
Interest	1,553,732	264,694	1,506,712	1,064,668	1,079,339	5,469,145
	$ 24,863,527	$ 4,235,750	$ 24,111,093	$ 17,038,866	$ 17,272,603	$ 87,521,839

	2023					
	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Total Expenses
Salaries and wages	$ 13,397,056	$ 801,292	$ 8,163,080	$ 6,027,330	$ 932,636	$ 29,321,394
Employee benefits	4,670,104	379,992	4,446,266	1,923,708	493,789	11,913,859
Supplies, services, and other	1,061,085	2,280,076	6,078,166	4,222,692	10,866,029	24,508,048
Utilities and insurance	1,170,903	211,977	1,143,953	742,926	752,580	4,022,339
Depreciation	1,256,891	227,544	1,227,963	797,486	807,847	4,317,731
Interest	737,517	133,459	720,524	467,744	473,954	2,533,198
	$ 22,293,556	$ 4,034,340	$ 21,779,952	$ 14,181,886	$ 14,326,835	$ 76,616,569

NOTE 18 - RELATED PARTY TRANSACTIONS

The College has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees or key person, or any immediate family member, can participate in any decision in which he or she has a material financial interest or exercises influence. Each Trustee and key person is required to certify compliance with the conflict of interest policy on an annual basis, as well as disclose any potential related party transactions to the Audit Committee. If such a relationship exists, the College requires that such transactions be conducted at arms' length, with terms that are fair and reasonable to and for the benefit of the College. There were no material related party transactions during fiscal years 2024 and 2023.