

ROANOKE
COLLEGE®

Consolidated Financial Report

June 30, 2024

Roanoke College

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Independent Auditor's Report

To the Board of Trustees
Roanoke College
Salem, Virginia

Opinion

We have audited the accompanying consolidated financial statements of Roanoke College (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Roanoke College as of June 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roanoke 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's



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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Roanoke 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 Roanoke 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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Christiansburg, Virginia
October 9, 2024



Financial Statements



Roanoke College

Consolidated Statements of Financial Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 47,438,600	\$ 37,297,399
Student, grant, and other receivables, less allowance for credit losses: 2024 \$254,640; 2023 \$160,210 (Note 3)	1,415,241	1,067,272
Inventories and supplies	577,989	496,475
Bond funds held in escrow	-	8,129,079
Prepaid expenses and deferred charges	913,519	1,341,077
Notes receivable, college, and government student loans (Note 3)	4,773,462	4,931,032
Contributions receivable (Note 4)	18,281,626	19,951,157
Investments (Note 5)	167,427,813	153,980,109
Cash surrender value of life insurance policies	1,007,613	1,015,150
Funds restricted to investment in land, buildings, and equipment	17,846,257	18,732,103
Land, buildings, and equipment, net of accumulated depreciation (Notes 6 and 9)	121,488,027	117,845,939
Funds held in trust by others (Note 7)	3,622,391	3,376,385
	<u>\$ 384,792,538</u>	<u>\$ 368,163,177</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 1,632,047	\$ 1,755,094
Accrued liabilities	4,758,739	4,273,945
Student and other deposits (Note 3)	1,704,342	2,250,922
Postretirement benefit obligation (Note 8)	4,687,275	4,565,886
Trust and annuity obligations	1,806,564	1,549,792
U.S. government grants refundable	711,468	957,215
Debt (Note 9)	35,421,771	36,626,118
Bond premium (Note 9)	5,749,722	5,982,009
	<u>56,471,928</u>	<u>57,960,981</u>
Net assets (Note 10)		
Without donor restrictions	114,461,463	111,431,016
With donor restrictions	213,859,147	198,771,180
	<u>328,320,610</u>	<u>310,202,196</u>
	<u>\$ 384,792,538</u>	<u>\$ 368,163,177</u>

Roanoke College

Consolidated Statement of Activities

Year Ended June 30, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Net tuition and fees (Note 11)	\$ 30,992,279	\$ -	\$ 30,992,279
Contributions of cash and financial assets	1,914,605	3,083,498	4,998,103
Investment income, endowment (Note 5)	2,705,916	4,302,174	7,008,090
Investment income, other (Note 5)	-	195,431	195,431
Investment income, temporary investments	82,575	-	82,575
Government and private grants	490,687	1,768,470	2,259,157
COVID-19 relief funding (Note 18)	-	-	-
Auxiliary services (Note 11)	22,566,945	-	22,566,945
Other	2,972,943	58,887	3,031,830
Net assets released from restrictions and reclassifications (Note 12)	10,308,596	(10,308,596)	-
Total operating revenues	72,034,546	(900,136)	71,134,410
OPERATING EXPENSES			
Educational and general			
Instruction	23,665,589	-	23,665,589
Research	147,705	-	147,705
Public service	356,654	-	356,654
Academic support	3,624,381	-	3,624,381
Student services	16,419,474	-	16,419,474
Institutional support	14,902,278	-	14,902,278
Auxiliary services	12,622,518	-	12,622,518
Total operating expenses (Note 13)	71,738,599	-	71,738,599
Change in net assets, operating	295,947	(900,136)	(604,189)
NON-OPERATING			
Contributions of cash and financial assets	(1,679,413)	7,338,296	5,658,883
Investment income, temporary investments	566,174	169,206	735,380
Investment return endowment, net of amount available to support current operations (Note 5)	2,567,350	8,717,913	11,285,263
Investment income, other (Note 5)	-	1,577,006	1,577,006
Change in funds held in trust	-	246,006	246,006
Change in postretirement benefit obligation (Note 8)	(121,389)	-	(121,389)
Non-operating expenses	(133,322)	-	(133,322)
COVID-19 related expenses	-	-	-
Loss on pledge write-off	-	(1,223,930)	(1,223,930)
Other	698,706	-	698,706
Net assets released from restrictions and reclassifications (Note 12)	836,394	(836,394)	-
Change in net assets, nonoperating	2,734,500	15,988,103	18,722,603
Change in net assets, total	3,030,447	15,087,967	18,118,414
NET ASSETS			
Beginning	111,431,016	198,771,180	310,202,196
Ending	\$ 114,461,463	\$ 213,859,147	\$ 328,320,610

Roanoke College

Consolidated Statement of Activities

Year Ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Net tuition and fees (Note 11)	\$ 30,283,252	\$ -	\$ 30,283,252
Contributions of cash and financial assets	3,187,780	5,776,398	8,964,178
Investment income, endowment (Note 5)	2,848,471	3,908,433	6,756,904
Investment income, other (Note 5)	-	87,227	87,227
Investment income, temporary investments	322,661	-	322,661
Government and private grants	552,054	130,498	682,552
COVID-19 relief funding (Note 18)	-	1,481,030	1,481,030
Auxiliary services (Note 11)	21,691,286	-	21,691,286
Other	1,305,724	82,060	1,387,784
Net assets released from restrictions and reclassifications (Note 12)	9,702,692	(9,702,692)	-
Total operating revenues	69,893,920	1,762,954	71,656,874
OPERATING EXPENSES			
Educational and general			
Instruction	22,976,709	-	22,976,709
Research	108,750	-	108,750
Public service	358,322	-	358,322
Academic support	3,299,233	-	3,299,233
Student services	15,259,692	-	15,259,692
Institutional support	16,099,870	-	16,099,870
Auxiliary services	11,506,837	-	11,506,837
Total operating expenses (Note 13)	69,609,413	-	69,609,413
Change in net assets, operating	284,507	1,762,954	2,047,461
NON-OPERATING			
Contributions of cash and financial assets	-	9,320,441	9,320,441
Investment income, temporary investments	660	118,854	119,514
Investment return endowment, net of amount available to support current operations (Note 5)	1,663,706	4,794,467	6,458,173
Investment income, other (Note 5)	-	1,056,031	1,056,031
Change in funds held in trust	-	134,062	134,062
Change in postretirement benefit obligation (Note 8)	375,151	-	375,151
Non-operating expenses	(294,046)	(664)	(294,710)
COVID-19 related expenses	(16,287)	-	(16,287)
Net assets released from restrictions and reclassifications (Note 12)	1,245,069	(1,245,069)	-
Change in net assets, nonoperating	2,974,253	14,178,122	17,152,375
Change in net assets, total	3,258,760	15,941,076	19,199,836
NET ASSETS			
Beginning	108,172,256	182,830,104	291,002,360
Ending	\$ 111,431,016	\$ 198,771,180	\$ 310,202,196

Roanoke College

Consolidated Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 18,118,414	\$ 19,199,836
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions restricted for long-term investment	(4,401,429)	(6,166,229)
Net realized and unrealized loss (gain) on investments	(19,489,868)	(12,115,038)
Change in cash surrender value of life insurance policies	7,537	(230,652)
Change in funds held in trust	(246,006)	(134,062)
Depreciation and amortization	5,719,182	5,252,486
Amortization of bond premium	(232,287)	(232,287)
Loss on disposal of land, buildings, and equipment	-	1,025
Change in certain operating assets and liabilities	2,402,460	(7,265,102)
Net cash provided by (used in) operating activities	<u>1,878,003</u>	<u>(1,690,023)</u>
INVESTING ACTIVITIES		
Change in notes receivable, net	157,570	229,496
Purchases of land, buildings, and equipment excluding non-cash assets received	(8,348,627)	(2,171,622)
Change in accounts payable incurred on purchases	(128,891)	128,891
Change in investments, net of proceeds from sales	6,042,164	4,026,526
Net cash provided by (used in) investing activities	<u>(2,277,784)</u>	<u>2,213,291</u>
FINANCING ACTIVITIES		
Proceeds from contributions restricted for long-term investment	4,401,429	6,166,229
Payments of annuity obligations	(658,382)	(236,105)
Payments of finance lease liabilities	(1,424,250)	(1,801,467)
Payments of long-term debt	(792,740)	(752,741)
Net cash provided by financing activities	<u>1,526,057</u>	<u>3,375,916</u>
Increase in cash and cash equivalents	1,126,276	3,899,184
CASH AND CASH EQUIVALENTS		
Beginning	<u>64,158,581</u>	<u>60,259,397</u>
Ending	<u>\$ 65,284,857</u>	<u>\$ 64,158,581</u>

Roanoke College

Consolidated Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
SUPPLEMENTAL DISCLOSURES		
Cash payments for interest	<u>\$ 1,706,356</u>	<u>\$ 1,752,989</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Obtaining finance right-of-use asset in exchange for lease liability	<u>\$ 1,012,642</u>	<u>\$ 1,394,180</u>
Purchases of land, building, and equipment included in accounts payable	<u>\$ -</u>	<u>\$ 128,891</u>
CHANGE IN CERTAIN OPERATING ASSETS AND LIABILITIES		
(Increase) decrease in:		
Student, grant, and other receivables	\$ (347,969)	\$ 167,539
Inventories, supplies, and other assets	346,046	(487,562)
Contributions receivable	1,669,531	(6,366,086)
Increase (decrease) in:		
Accounts payable, accrued liabilities, and other	(55,943)	(149,126)
Postretirement benefit obligation	121,389	(375,151)
Liabilities under charitable gift annuity and trust agreements, net of payments	915,153	210,463
U.S. government grants refundable	<u>(245,747)</u>	<u>(265,179)</u>
	<u>\$ 2,402,460</u>	<u>\$ (7,265,102)</u>
CASH IS REPORTED ON THE STATEMENT OF FINANCIAL POSITION AS:		
Cash and cash equivalents	\$ 47,438,600	\$ 37,297,399
Funds restricted to investment in land, buildings, and equipment	17,846,257	18,732,103
Bond fund held in escrow	<u>-</u>	<u>8,129,079</u>
Total cash and cash equivalents	<u>\$ 65,284,857</u>	<u>\$ 64,158,581</u>

Roanoke College
Notes to Consolidated Financial Statements
June 30, 2024

Note 1 – Nature of Operations and Significant Accounting Policies

Nature of Operations

Roanoke College (the “College”) is a private, co-educational liberal arts college located in Salem, Virginia. Significant sources of revenue include tuition and fees, contributions, auxiliary services, and investment returns.

Basis of Financial Statement Presentation and Accounting

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

The accounts of the College and its wholly-owned subsidiary, Roanoke College Golf Enterprise, LLC, are included in these consolidated financial statements after elimination of significant intercompany transactions and accounts.

The accompanying consolidated financial statements present information regarding the College’s financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two classes as follows:

- **Net assets without donor restrictions** are net assets available for use in general operations and not subject to donor restrictions. These net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not net assets with donor restrictions are included in this classification. Expenses are reported as decreases in this classification.
- **Net assets with donor restrictions** are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled by action of the College pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

The College considers all highly liquid investments with a maturity of three months or fewer when purchased to be cash and cash equivalents. Cash equivalents are stated at cost, which approximates market value. Cash held for long-term investment is classified as investments or funds restricted to investment in land, buildings, and equipment. Approximately \$12.0 million and \$8.7 million of cash and cash equivalents were restricted for endowment purposes as of June 30, 2024 and 2023, respectively.

The College follows the common cash management practice of consolidating certain operating cash and cash equivalent accounts into one account, which includes various designated and restricted current operating plant accounts. As a result of this practice, cash and cash equivalents specifically associated with the original gift of certain designated and restricted monies can be spent from the consolidated account. When this occurs, the activity is accounted for by maintaining receivables and payables between the net asset classes. This may also cause the individual fund cash balances to be shown

Roanoke College

Notes to Consolidated Financial Statements

June 30, 2024

as negative if monies are due from another fund. The College has sufficient unrestricted funds not included in the consolidated account to cover the receivables and payables, as applicable, of the designated or restricted net assets.

Receivables

Student, grant, and other receivables represent amounts for which the College has an unconditional right to receive. Receivables are stated at the amount the College expects to collect from outstanding balances. The College provides for probable uncollectible amounts through a provision for credit losses and an adjustment to a valuation allowance based on its experience, current economic conditions, reasonable and supportable forecasts and other circumstances, which may affect the ability of students and others to meet their obligations. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Changes in the allowance for credit losses for the years ended June 30 were as follows:

	2024	2023
Balance, beginning	\$ 160,210	\$ 162,853
Impact of the adoption of the new credit loss standard	-	-
Provision for credit losses	189,869	31,676
Write-offs, net of recoveries	(95,439)	(34,319)
Balance, ending	<u><u>\$ 254,640</u></u>	<u><u>\$ 160,210</u></u>

Inventories

Inventories are stated at the lower of cost or market, with cost determined primarily on the first-in, first out method.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. The fair values of investments in equities, fixed income, and cash and cash equivalents are determined by reference to quoted market prices and other relevant information generated by market transactions. Net unrealized and realized gains or losses are reflected in the consolidated statements of activities. Certain land and other investments, which are not readily marketable, are carried at cost.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of the gift. Purchases and sales of investments are recorded on the trade date.

The estimated fair value of certain alternative investments is determined by reference to the net asset values allocated to the College at the measurement date. The College believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Income and realized and unrealized net gains and losses on investments of endowment and similar net asset classes are reported as follows:

- As increases in net assets with donor restrictions if the terms of the gift require that they be added to the principal of an endowment fund to be held in perpetuity or if the terms of the gift impose restrictions on the use of the income, including income earned on donor-restricted endowment funds;

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- As increases in net assets without donor restrictions in all other cases.

The College has various investment vehicles whose carrying value fluctuates with the financial markets. As a result, the value of such investments as of the date of this report may be materially different from year-end values.

Split-Interest Agreements

The College participates in various split-interest agreements that are unconditional and irrevocable. These arrangements are established when a donor makes a gift to the College or a trust in which the College shares benefits with other beneficiaries. Generally, the College accounts for these agreements by recording its share of the related assets at fair value (which approximates the present value of the estimated future cash receipts). Liabilities are recorded for any portion of the assets held for donors or other beneficiaries equal to the present value of the expected future payments to be made. The liabilities are adjusted annually for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits. Contribution revenues are recognized at the dates the agreements are established for the difference between the assets and the liabilities. Funds subject to split-interest agreements are classified as funds with donor restrictions based upon donor designations.

If the College holds the assets or is the trustee, the assets are included in investments and the liabilities are included in liabilities under trust and annuity obligations. If a third party is the trustee until the termination of the trust and then the remaining assets are transferred to the beneficiaries, the assets less related liabilities are included in contributions receivable. If the donor establishes a perpetual trust with a third party as trustee (the College will never receive the principal of the trust), the assets less related liabilities are included in funds held in trust by others. The fair values of funds held in trust by others are determined by the present value of estimated future cash flows.

Long-Lived Assets

Cash or other assets whose use is restricted to acquire long-lived assets are recorded as assets with donor restrictions until the long-lived assets are acquired. Once placed into service, the net assets with donor restrictions are reclassified to net assets without donor restrictions. Long-lived assets are reviewed for impairment whenever events or circumstances indicate the carrying value of an asset may not be recoverable.

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost at the date of acquisition or at fair value at the date of the gift, less accumulated depreciation. Depreciation and amortization are recorded using the straight-line method over the estimated useful lives of the assets.

Equipment is removed from the records and any gain or loss is recognized at the time of disposal. Expenditures for new construction, major renewals and replacements, and equipment exceeding \$5,000 are capitalized.

Interest expense incurred on capital leases is recognized on the basis of the outstanding lease obligation.

The College capitalizes interest costs as part of the construction cost of buildings where it relates to the financing of major projects under development.

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Deferred Loan Costs

Deferred loan costs are amortized on the straight-line basis over the term of the related financing agreements. Unamortized deferred loan costs are presented as a reduction of the carrying amount of the debt. Amortization of deferred loan costs is reported as interest expense in the consolidated statements of activities.

Accrued Compensation

The College accrues for salaries and all other compensation earned but not paid.

Student and Other Deposits

Deposits and student fees received prior to year-end and applicable to academic sessions subsequent to the current year are deferred and recognized as revenues in subsequent periods.

Postretirement Benefits

The College provides certain healthcare benefits for all retired employees who meet eligibility requirements. The College's share of the estimated costs of benefits that will be paid after retirement is generally being accrued by charges to expense over the employees' active service periods to the dates they are fully eligible for benefits.

Notes Receivable and U.S. Government Grants Refundable

The College participated in the Federal Perkins Loan Program sponsored by the U.S. Government. The program was phased out and no disbursements were permitted or made after June 30, 2018. Student loan receivables related to this program are recorded as notes receivable. The portion of those funds contributed by the U.S. government (i.e., exclusive of the College's match funds) is ultimately refundable to the government, and accordingly, is recorded as a liability.

The College accounts for its notes receivable at cost and recognizes interest income as it is earned. An allowance for credit losses is based on prior collection history, individual circumstances of the borrower, current economic conditions and reasonable supportable forecasts. Notes are considered past due after 30 – 45 days and accrue interest until written off when considered uncollectible.

Asset Retirement Obligations (AROs)

An asset retirement obligation is a legal liability to the College for the cost of retiring a tangible long lived asset (e.g., a building containing asbestos) that results from the acquisition, construction, or development and/or the normal operation of the long-lived asset. A conditional ARO is a legal obligation in which the timing and/or method of retirement are conditional on a future event that may or may not be within the control of the College. To reasonably estimate these liabilities, the College must be able to determine (1) the settlement date – the estimated date or range of dates that the disposal is anticipated or legally required and (2) the settlement method – how the disposal will take place. The College follows the policy of recording the fair value of such liabilities when they can be reasonably estimated.

Net Asset Classifications of Institutional Funds

The College holds institutional funds, principally endowment funds, subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). "Endowment" is a commonly used term to refer to resources including trusts and annuities that have been restricted by the donor or designated by the Board that will be invested to provide future revenue

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to support the College's activities. The College's endowment consists of approximately 550 individual funds established for a variety of purposes. As titled, UPMIFA provides guidance and applicable regulations relative to the management of applicable funds.

In response to UPMIFA, the College adopted the provisions of accounting guidance for the net asset classification of donor-restricted endowment funds for an organization that is subject to UPMIFA including the required related financial statement disclosures.

Interpretation of UPMIFA

The Board of Trustees of the College has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the College classifies as net assets with donor restrictions the historical value of donor-restricted "true" endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable, at the time the accumulation is added to the fund.

Also included in net assets with donor restrictions is accumulated appreciation on donor restricted "true" endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the College and the donor-restricted 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, and (7) the investment policies of the College.

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 of donor restricted funds that organizations must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed a blended benchmark comprised of relevant capital market indices. The College expects its endowment funds to provide an average annual nominal rate of return in excess of inflation, spending, and investment management fees over a full market cycle. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places emphasis on investments in equities, which includes hedge fund and private equity vehicles, and fixed income securities in the following ranges to achieve its long-term return objectives within prudent risk constraints:

Cash	0 – 15%
Government Bonds	0 – 20%
Liquid Credit	0 – 10%

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Private Debt	0 – 20%
Absolute Return	0 – 20%
Hedged Equities	0 – 20%
Global Equities	20 – 60%
Private Equity	0 – 37%
Commodities	0 – 10%
Inflation Linked Bonds	0 – 20%
Core Property	0 – 10%
Private Equity Real Estate	0 – 15%

Spending Policy and How the Investment Objectives Relate to Spending Policy

On College-held investments, the College employs a total return endowment spending policy that establishes the amount of endowment investment return that is available to support current needs and restricted purposes. This policy is designed to insulate program spending from capital market fluctuations and to increase the amount of return that is reinvested in the corpus of the fund in order to enhance its long-term value. For the year ended June 30, 2024, the Board-approved spending formula for the endowment provided for an annual spending rate of 5% of the average of the prior twelve quarters of endowment market values. For the year ended June 30, 2023, the Board-approved spending formula for the endowment provided for an annual spending rate of 5% of the prior three years moving average of endowment market values determined as of June 30 each year. If cash yield (interest and dividends) is less than the spending rate, part of the portfolio can be liquidated to make up the deficiency. Any income in excess of the spending rate is to be reinvested in the endowment.

Funds with Deficiencies (“Underwater” Funds)

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, due to market fluctuations or other draws on the endowment. As of June 30, 2024, there were no “underwater” funds. As of June 30, 2023, funds with fair value of \$1,944,800 and an original gift value of \$2,016,068 were “underwater” by \$71,268.

Revenue Recognition

Contributions

Contributions, including unconditional promises to give or contributions receivable, are recognized as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions in the period the donor’s commitment is received. Unconditional promises to give without donor restrictions are recognized as operating revenues with donor restrictions unless the donor explicitly stipulates its use to support current period activities.

Conditional promises to give are not recognized until they become unconditional, i.e., when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management’s judgment, including such factors as prior collection history, type of contribution, and nature of the fundraising activity.

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Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net asset without donor restrictions class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with such donor stipulations are reported as revenues of the net asset with donor restrictions class; the restrictions are considered to be released at the time such long-lived assets are placed in service, or if the asset has already been placed in service, when the contribution is received.

Recognition of Student-Driven Revenue

The College's primary source of revenue is tuition and fees generated by providing academic programs for Bachelor of Arts, Bachelor of Science, and Bachelor of Business Administration degrees. The College provides academic programs to approximately 1,775 students. Tuition and fees revenues are recognized over the term of the semester in which the academic instruction is provided in an amount the College expects to receive in exchange for the services.

The College receives auxiliary services revenue by providing housing and dining services to students. The revenue for these services is recognized over the term of the semester in which the housing and dining services are provided in an amount the College expects to receive in exchange for the services.

The College bills students for tuition, fees, housing and dining services prior to the start of the semester. Payments are due approximately two weeks prior to the start of the semester. Students who withdraw completely before the 60% point of the period of enrollment will receive a refund of tuition, housing, dining, and other fees pro-rated based on the student's date of withdrawal. The amount of revenue recognized is reduced by refunds issued.

Recognition of Bookstore Revenue

The College's bookstore revenues are derived from the sale of bookstore merchandise, such as clothing, gifts, food, and school supplies. Bookstore revenues are recognized at the point of sale.

Operating Results

Operating activities on the consolidated statements of activities illustrate a measure of how the College is maintaining the resources available for its "current operations." Operations reflect all transactions increasing or decreasing net assets without donor restrictions except those of a capital nature – i.e., capitalized for long-term investment. Net assets with donor restrictions that are released from restrictions which satisfy an operating purpose and transfers from board-designated and other non-operating funds to support current operating activities are also classified as operating. All capital transactions related to land, buildings, and equipment are excluded from operations except as described below.

In accordance with the College's total return spending policy, as previously described, only the portion of total investment return available under this policy to support current operations is included in operating revenues. Additionally, the portion of total investment return available to support current operations under the College's total return policy is excluded from cash flows from operating activities; only the actual cash yield is included in cash flows from operating activities.

Costs related to the operation and maintenance of the physical plant, including depreciation of plant assets, are allocated to operating programs and supporting activities based upon periodic inventories of facilities. Interest expense is allocated

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to the activities that have most directly benefited from the proceeds of the debt. Tuition remission/exchange benefits are allocated based upon the relative size of facilities of programs and supporting activities.

The College has accumulated surplus from prior years' operations with which it may decide to expend in a subsequent year. Expenditures funded from the prior year surplus are not included in the current year budget and are one-time expenditures that the College determines to fund. Therefore, since these expenditures are related to prior year surpluses, they are classified as current year non-operating expenses.

Advertising Costs

The College follows the policy of charging advertising costs to expense as incurred. Advertising expense was approximately \$240,000 and \$72,000 for the years ended June 30, 2024 and 2023, respectively.

Credit Risk Concentrations

Financial instruments which potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents, investments, student accounts receivable, and loans receivable. The College places its cash and cash equivalents with high-credit, quality financial institutions. A portion of the College's bank deposits is in excess of federally insured limits. Concentration of credit risk for investments is limited by the College's policy of diversification of investments. Concentration of credit risk for student accounts receivable and loans receivable are limited due to a large base and geographic dispersion.

Fair Value Measurements

The College carries various assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a market-based approach is used which establishes that fair value is based on the "highest and best use." Additionally, the College categorizes its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as reflected below. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Level 1 – Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.

Level 2 – Fair values are based on inputs other than quoted prices in Level 1 that are either 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 were observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Fair values are based on unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

The estimated fair value for specific groups of financial instruments is presented within the notes applicable to such items. If not specifically presented, fair value is estimated to approximate the related carrying value. It was not considered practical to determine fair value of notes receivable from students under U.S. government loan programs and related government advances because the notes receivable are non-marketable and can only be assigned to the U.S. government or its designees. These installment notes are due over terms of 10 years, with interest at 5% per annum, and are carried

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at face value. Based upon current borrowing rates available to the College for similar borrowings, the carrying value of the debt approximates fair value.

Income Taxes

The College is exempt from federal income tax under Section 501(c)(3) of the *Internal Revenue Code*.

Adoption of a New Accounting Standard

Effective July 1, 2023, the College adopted Accounting Standard Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which expands the information entities are required to consider when estimating credit losses and lowers the threshold for recognized losses on financial instruments not measured at fair value. Under the new model, nonprofit organizations will measure current expected credit losses (rather than probable losses) based on historical experience, current conditions, and reasonable and supportable forecasts. The College adopted this new guidance utilizing the modified retrospective transition method. Financial assets held by the College that are subject to ASU 2016-13 include accounts receivable and student loans receivable. The adoption of this ASU did not have a material impact on the College's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

Subsequent events were considered through October 9, 2024, the date the consolidated financial statements were available to be issued.

Note 2 – Financial Assets and Liquidity Resources

Financial assets available within one year of the consolidated statements of financial position date for general expenditure were as follows:

	2024	2023
Cash and cash equivalents	\$ 32,150,281	\$ 22,063,944
Accounts receivable, net	1,415,241	1,067,272
Contributions receivable due within one year without donor restrictions on use of funds	104,173	10,250
Investments appropriated for current use	6,960,000	6,840,000
	<u><u>\$ 40,629,695</u></u>	<u><u>\$ 29,981,466</u></u>

As part of the College's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The College's endowment fund consists of donor-restricted endowments and a quasi-endowment. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The College had quasi-endowment and annuity funds without donor restrictions of \$27,474,104 and \$26,318,389 at June 30, 2024 and 2023, respectively. Although the College does not intend to spend from its endowment funds without donor restrictions other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its endowment funds without donor restrictions could be made available, if necessary.

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The College's cash and cash equivalents include approximately \$1,532,000 and \$1,557,000 in cash required to be held in separate accounts at June 30, 2024 and 2023, respectively.

Note 3 – Contract Assets and Contract Liabilities

The College's contract assets and liabilities from contracts with customers consisted of the following at June 30:

	2024	2023	2022
Accounts receivable – students	\$ 897,959	\$ 1,011,857	\$ 933,047
Notes receivable – students	3,349,945	3,507,514	3,737,010
Deferred revenues – tuition and fees	(1,377,107)	(1,774,774)	(1,545,113)

The increases and decreases in accounts receivable and deferred revenue were primarily due to normal timing differences between the College's performance and the student's payments.

Notes receivable are due over 10 years. Students begin making payments after the College has fulfilled its performance obligation.

For the years ended June 30, 2024 and 2023, the College recognized revenue of \$1.8 million and \$1.5 million, respectively, from amounts that were included in deferred revenue – tuition and fees at the beginning of each year.

Note 4 – Contributions Receivable

Contributions receivable consisted of the following as of June 30:

	2024	2023
Unconditional promises to give cash	\$ 10,925,381	\$ 13,578,338
Various charitable remainder and lead trusts held by others	7,356,245	6,372,819
	<u>\$ 18,281,626</u>	<u>\$ 19,951,157</u>
Expected to be collected in:		
Less than one year	\$ 2,876,081	\$ 4,182,922
One to five years	6,064,543	9,738,574
More than five years	15,979,953	9,970,887
	<u>24,920,577</u>	<u>23,892,383</u>
Less:		
Actuarial present value of future payments at 4.3%	(2,963,619)	(3,034,823)
Discount to net present value at 0.5% – 4.3%	(1,102,026)	(734,526)
Allowance for uncollectible contributions	(2,573,306)	(171,877)
	<u>\$ 18,281,626</u>	<u>\$ 19,951,157</u>

As of June 30, 2024, approximately 73% of contributions receivable was due from six donors. As of June 30, 2023, approximately 74% of contributions receivable was due from five donors.

The ownership of contributions receivable for each class of net assets as of June 30 was as follows:

	2024	2023
Without donor restrictions	\$ 2,144,098	\$ 3,841,355
With donor restrictions – purpose and time	13,080,925	13,087,005

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	2024	2023
With donor restrictions – in perpetuity	3,056,603	3,022,797
	\$ 18,281,626	\$ 19,951,157

Note 5 – Investments

Investments were comprised of the following as of June 30:

	2024		2023	
Domestic stocks	\$ 20,317,339	12.1%	\$ 22,490,638	14.6%
Alternatives	110,044,938	65.7	94,387,707	61.3
Foreign stocks	6,879,917	4.1	9,111,518	5.9
Fixed income	14,001,742	8.4	14,405,332	9.4
Cash and cash equivalents	4,161,176	2.5	3,321,242	2.1
Real estate, at cost	121,300	0.1	121,300	0.1
Other non-endowed	11,886,092	7.1	10,113,656	6.6
Other	15,309	-	28,716	-
	\$ 167,427,813	100.0%	\$ 153,980,109	100.0%

The market value of investment asset classifications as of June 30 was as follows:

	2024	2023
Endowment:		
Externally managed	\$ 147,899,839	\$ 137,205,447
All other	3,038,275	2,789,909
Trust and annuities	4,603,607	3,871,097
Total endowment	155,541,721	143,866,453
Other non-endowed	11,886,092	10,113,656
	\$ 167,427,813	\$ 153,980,109

Investments contain both pooled and non-pooled investments. Funds are pooled, when permissible, to facilitate achievement of investment goals. The pooled investments are accounted for under the unit market value method.

Investment activity for the years ended June 30 is reflected in the table below:

	2024	2023
Endowment investments, beginning	\$ 143,866,453	\$ 136,921,199
Endowment contributions available for investment	1,664,232	4,813,302
	145,530,685	141,734,501
Endowment investment returns:		
Dividends, interest, and rental income, net of expenses:		
\$745,683 in 2024; \$753,890 in 2023	598,061	2,243,297
Investment return, net of amount available to support current operations per the consolidated statements of activities	11,285,263	6,458,173
Add spending in excess of cash yield	6,410,029	4,513,607
Net realized and unrealized gains on investments	17,695,292	10,971,780
Endowment total return	18,293,353	13,215,077

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	2024	2023
Amounts appropriated for operations and other activity	(8,282,317)	(11,083,125)
Endowment investments, ending	\$ 155,541,721	\$ 143,866,453

The following schedule summarizes total investment return and its classification in the consolidated statements of activities for the years ended June 30:

	2024	2023
Endowment investment income	\$ 598,061	\$ 2,243,297
Net realized and unrealized gains on investments	17,695,292	10,971,780
Endowment total return	18,293,353	13,215,077
Non-endowment net realized and unrealized gains on investments	1,772,437	1,143,258
Total return on investments	\$ 20,065,790	\$ 14,358,335
Included in the consolidated statements of activities as follows:		
Operating revenues:		
Investment income, endowment amounts distributed to support current operations pursuant to the endowment spending policy	\$ 7,008,090	\$ 6,756,904
Investment income, other	195,431	87,227
Non-operating:		
Investment return endowment, net of amount available to support current operations	11,285,263	6,458,173
Investment income, other	1,577,006	1,056,031
	\$ 20,065,790	\$ 14,358,335

Note 6 – Land, Buildings, and Equipment

Land, buildings, and equipment consisted of the following as of June 30:

	Estimated Useful Life	2024	2023
Buildings	50 years	\$ 160,904,196	\$ 157,941,684
Furniture and equipment	5 – 10 years	16,520,149	15,280,156
Land improvements	10 – 30 years	4,606,158	4,432,018
Finance lease right-of-use assets	5 – 15 years	14,474,536	13,461,894
		196,505,039	191,115,752
Less accumulated depreciation and amortization		(90,099,608)	(84,380,426)
		106,405,431	106,735,326
Land		6,133,334	6,133,334
Construction in progress (CIP)		8,949,262	4,977,279
		\$ 121,488,027	\$ 117,845,939

At June 30, 2024, construction in progress represented work completed to date on the Science Center project, Data Center project, renovations to the Administration Building, Crawford Hall, Marion Hall, Monterey Porch, Bast Football and Athletics Performance Center Projects. Improvements to Catawba, Post Office, Print Shop, Cavern/Colket, Bast Fitness and Academic, included in 2023, were completed in 2024.

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Note 7 – Funds Held in Trust by Others

The College is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the College. The College has legally enforceable rights and claims to income from these trusts based on explicit donor stipulations. Net realized and unrealized gains and losses related to these interests are reported as changes in net assets with donor restrictions. The market value of those interests as of June 30 was as follows:

	College's Percent of Total	2024	2023
Pauling B. Ilyus Irrevocable Trust	50.0%	\$ 761,267	\$ 701,297
Trust under Will of Rose Greer Akers	7.7	155,220	146,700
W. Bruce Powell Irrevocable Trust	50.0	241,940	228,881
Evangelical Lutheran Church in America:			
Trexler Chair of Religion	100.0	632,889	587,827
Robert Downey Memorial Trust	100.0	149,475	138,832
Emily M. Sutton Memorial Endowment	100.0	75,654	70,267
Norborne F. Muir Foundation	33.3	1,605,946	1,502,581
		\$ 3,622,391	\$ 3,376,385

Note 8 – Postretirement Benefits

The College provides health insurance in the form of a Medicare supplement to certain retired employees and their dependents. The costs of postretirement benefits are accrued during the service lives of employees. The College funds this benefit on a pay-as-you-go basis.

	2024	2023
Changes in unfunded benefit obligation:		
Unfunded benefit obligation, beginning:	\$ 4,565,886	\$ 4,941,037
Service cost	21,873	22,983
Interest cost	226,831	222,041
Plan participants' contributions	43,509	113,582
Actuarial gain	261,688	(239,282)
Benefits paid	(432,512)	(494,475)
	121,389	(375,151)
Unfunded benefit obligation, ending	\$ 4,687,275	\$ 4,565,886

Net periodic benefit costs reported as operating expense included in the following components:

	2024	2023
Service cost	\$ 21,873	\$ 22,983
Interest cost	226,831	222,041
Recognized actuarial gain	(334,287)	(352,698)
	\$ (85,583)	\$ (107,674)

Assumptions used to determine the costs of postretirement benefits consisted of the following:

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	2024	2023
Discount rate used in determining the accumulated postretirement benefit obligation	5.40%	5.15%
Assumed healthcare cost trend in measuring the accumulated postretirement benefit obligation (declining at a rate of 0.25% per year until a rate of 4.50% is reached)	6.50%	5.75%

The healthcare cost trend rate assumption can have a significant effect on the amounts reported. For example, if the healthcare cost trend rate assumptions were increased by 1%, the APBO would be increased by approximately \$449,000. The effect of this change on the sum of the service cost and interest cost components of net periodic postretirement benefits costs would be an increase of approximately \$27,000.

Actuarial losses previously included in unrestricted net assets but not yet recognized in net periodic benefit costs consisted of the following:

	2024	2023
Actuarial loss not yet recognized in net periodic benefit cost, beginning	\$ (1,322,392)	\$ (1,435,808)
Net gain for the year	261,688	(239,282)
Recognized actuarial gain	334,287	352,698
Actuarial loss not yet recognized in net periodic benefit cost, ending	<u>\$ (726,417)</u>	<u>\$ (1,322,392)</u>

Amortization of actuarial loss and prior service costs expected to be recognized in the year ended June 30, 2025 is \$100,660.

Benefits paid, net of participant contributions of \$43,509 and \$113,582, were \$389,003 and \$380,893, in 2024 and 2023, respectively. Gross benefits expected to be paid in the future are as follows:

Year Ending June 30,	
2025	\$ 333,419
2026	356,167
2027	359,178
2028	361,834
2029	364,674
2030 – 2034	1,780,153

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Note 9 – Debt

Debt consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Note payable to the Economic Development Authority of the City of Salem, Virginia, for Educational Facilities Revenue Bonds (Roanoke College, Series 2020), principal is payable in annual installments ranging from \$810,000 to \$1,870,000 through April 2049. Interest is payable semi-annually on April 1st and October 1st with rates ranging from 4.00% to 5.00%. Proceeds of the debt (tax-exempt of \$36,385,000 plus premium of \$6,771,149) were used to refinance Series 2007 and 2011 bond issues as well as repay two notes payable to American National Bank. The balance of the bond proceeds will be used for new construction and other campus improvement projects.	\$ 32,555,000	\$ 33,365,000
Various finance lease liabilities for equipment with a carrying value of \$3,794,427 and \$4,714,357 at June 30, 2024 and 2023, respectively. Payments range from \$86,862 to \$216,562 including interest at rates ranging from 4.54% to 7.50%, through 2028.	3,292,999	3,704,607
Unamortized deferred loan costs	35,847,999	37,069,607
	(426,228)	(443,489)
	35,421,771	36,626,118
Original issue premium on Series 2020 debt	5,749,722	5,982,009
	<u><u>\$ 41,171,493</u></u>	<u><u>\$ 42,608,127</u></u>

Debt matures as follows:

<u>June 30,</u>	<u>Finance Lease</u> <u>Liability</u>	<u>Debt</u>	<u>Amortization</u> <u>of Deferred</u> <u>Loan Costs</u>	<u>Total</u>
2025	\$ 1,328,116	\$ 1,087,287	\$ (17,260)	\$ 2,398,143
2026	821,505	1,122,288	(17,260)	1,926,533
2027	585,352	1,172,287	(17,260)	1,740,379
2028	383,484	1,222,287	(17,260)	1,588,511
2029	174,542	1,267,287	(17,260)	1,424,569
2030 and thereafter	-	32,433,286	(339,928)	32,093,358
	<u><u>\$ 3,292,999</u></u>	<u><u>\$ 38,304,722</u></u>	<u><u>\$ (426,228)</u></u>	<u><u>\$ 41,171,493</u></u>

The College did not discount future cash flows under finance lease, right-of-use liabilities, as the discount was determined by management to be immaterial to the consolidated financial statements. The weighted average remaining lease term was 2.77 years and the weighted average interest rate was 6.1% at June 30, 2024.

Total amortization expense of finance lease, right-of-use assets was \$1,932,572 and \$1,748,284 for the years ended June 30, 2024 and 2023, respectively. Total interest expense on finance lease, right-of-use liabilities was \$157,104 and \$164,474 for the years ended June 30, 2024 and 2023, respectively.

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June 30, 2024

	2024	2023
Three internal loans payable to the College for endowment fund. Internal loans will be amortized over a period not to exceed 30 years. Proceeds were used to (a) renovate Miller and Chesapeake Halls, (b) purchase houses on the campus's perimeter, and (c) pay off the Hanging Rock golf course bank debt. Unsecured.	\$ 7,931,280	\$ 7,931,280

Disclosure of internal debt is for informational purposes only. Internal debt is eliminated on the consolidated statements of financial position.

Interest expense for the years ended June 30 was as follows:

	2024	2023
Expensed	\$ 1,481,204	\$ 1,528,337

Note 10 – Net Assets

Net assets as of June 30 consisted of the following:

	2024	2023
Without donor restrictions:		
Funds functioning as endowment:		
Quasi-endowment and annuity funds	\$ 27,474,104	\$ 26,318,389
Investment in physical plant, net of debt	72,567,939	70,927,258
Operations	14,340,368	14,079,012
College contributions to student loan funds	79,052	106,357
Total net assets without donor restrictions	114,461,463	111,431,016
With donor restrictions:		
Subject to expenditure for specific purposes and time:		
Available for the following purposes or periods:		
Accumulated endowment investment return, net of amounts spent, available for general operations, financial aid, and professorships	54,158,509	46,021,285
Life income contracts	27,364	22,848
Land, buildings, and equipment	39,440,412	40,462,881
General operations	24,354,570	20,421,527
	117,980,855	106,928,541
Restricted in perpetuity, the income from which expendable to support the following:		
General operations	47,038,002	44,412,880
Financial aid	40,152,181	38,751,650
Professorships	8,688,109	8,678,109
Total net assets with donor restrictions	213,859,147	198,771,180
Total net assets	\$ 328,320,610	\$ 310,202,196

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Note 11 – Revenues

The following table shows the College's revenues disaggregated by service type:

	2024	2023
Tuition and fees, net	\$ 30,992,279	\$ 30,283,252
Auxiliary services:		
Housing services	\$ 11,267,521	\$ 10,943,335
Dining services	10,815,714	10,269,173
Bookstore sales	483,710	478,778
	\$ 22,566,945	\$ 21,691,286

Revenues received from student tuition and fees, net of financial aid, consisted of the following for the years ended June 30:

	2024		2023
Tuition and fees	\$ 65,436,417	100.00%	\$ 60,376,929
Less financial aid:			100.00%
Institutional, non-funded	(28,954,754)	(44.25)	(27,415,340)
Funded:			(45.40)
Endowed and other	(5,270,506)	(8.05)	(2,443,974)
Federal grants	(218,878)	(0.34)	(234,363)
	(34,444,138)	(52.64)	(30,093,677)
	\$ 30,992,279	47.36%	\$ 30,283,252
			50.16%

Financial aid is awarded to students based upon need and merit and is applied to billed tuition and fees, and room and board. Financial aid does not include payments made to students for services rendered to the College. However, the College does participate in work-study programs. These expenses, which totaled \$377,265 and \$581,115 for the years ended June 30, 2024 and 2023, respectively, are included in the appropriate functional expense categories on the consolidated statements of activities. Of these amounts, for the years ended June 30, 2024 and 2023, the federal government contributed \$271,809 and \$317,691, respectively.

Note 12 – Net Assets Released from Restrictions and Reclassifications

Net assets are released from donor restrictions when expenses are incurred to satisfy the restricted purposes or by occurrence of other events as specified by donors. Restrictions were satisfied as follows for the years ended June 30:

	2024	2023
Operating:		
Financial aid	\$ 3,765,306	\$ 2,154,683
General operations and maintenance	6,543,290	2,577,578
COVID-19 relief funding	-	4,970,431
Total operating	10,308,596	9,702,692
Non-operating:		
Buildings and equipment	14,400	1,080,657
Other reclassifications	821,994	164,412
Total non-operating	836,394	1,245,069
	\$ 11,144,990	\$ 10,947,761

Roanoke College

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Reclassifications made to net assets with donor restrictions, as reflected in the consolidated statements of activities, occur when a donor applies or changes restrictions on contributions previously recorded.

Note 13 – Operating Expenses

The tables below present expenses by both their nature and function for fiscal years 2024 and 2023.

2024								
	Instruction	Research	Public Services	Academic Support	Student Services	Institutional Support	Auxiliary Services	Total
Salaries and wages	\$ 13,099,108	\$ 158,114	\$ 143,367	\$ 1,354,235	\$ 6,526,216	\$ 7,022,160	\$ 2,926,539	\$ 31,229,739
Benefits	4,870,861	29,237	48,095	474,120	2,142,213	283,831	1,013,590	8,861,947
Depreciation and amortization	2,116,097	-	-	400,343	1,258,220	514,726	1,429,795	5,719,181
Travel	276,594	56	8,216	43,095	1,212,744	201,102	5,066	1,746,873
Interest	296,241	-	-	29,624	266,617	148,120	740,602	1,481,204
Supplies	670,994	(55,585)	34,056	55,580	435,111	323,801	194,883	1,658,840
Repairs and services agreements	26,907	-	171	144,166	67,667	1,120,933	204,938	1,564,782
Utilities	575,758	-	-	164,502	520,924	493,507	987,015	2,741,706
Insurance and taxes	86,985	-	-	24,539	131,779	981,471	188,132	1,412,906
Interdepartmental expenses	88,887	578	69,078	34,134	505,791	263,334	8,273	970,075
Operation and maintenance of physical plant, net of salaries, wages, and benefits	887,363	-	-	253,532	802,852	760,596	1,521,193	4,225,536
Outside contacts and services	182,890	10,969	18,125	94,185	2,058,298	1,915,264	138,375	4,418,106
Other education expenses	486,904	4,336	35,546	552,330	480,118	873,433	3,264,117	5,696,780
Student aid expenses	-	-	-	-	10,924	-	-	10,924
Total	\$ 23,665,589	\$ 147,705	\$ 356,654	\$ 3,624,381	\$ 16,419,474	\$ 14,902,278	\$ 12,622,518	\$ 71,738,599
Program services	\$ 23,665,589	\$ 147,705	\$ -	\$ -	\$ 16,419,474	\$ -	\$ 12,622,518	\$ 52,855,286
Support services	-	-	356,654	3,624,381	-	14,902,278	-	18,883,314
	\$ 23,665,589	\$ 147,705	\$ 356,654	\$ 3,624,381	\$ 16,419,474	\$ 14,902,278	\$ 12,622,518	\$ 71,738,599

2023								
	Instruction	Research	Public Services	Academic Support	Student Services	Institutional Support	Auxiliary Services	Total
Salaries and wages	\$ 13,240,147	\$ 203,187	\$ 126,738	\$ 1,325,689	\$ 6,067,676	\$ 7,087,809	\$ 2,751,109	\$ 30,802,355
Benefits	4,329,088	33,034	39,567	429,471	1,768,208	1,097,451	880,580	8,577,399
Depreciation and amortization	1,943,420	-	-	367,674	1,155,547	472,724	1,313,121	5,252,486
Travel	280,902	134	4,010	34,404	1,173,706	191,844	10,282	1,695,282
Interest	305,667	-	-	30,567	275,101	152,834	764,168	1,528,337
Supplies	806,484	(141,022)	95,294	87,964	917,250	486,425	265,774	2,518,169
Repairs and services agreements	9,408	-	-	96,056	189,209	940,496	150,578	1,385,747
Utilities	590,128	-	-	168,608	533,925	505,824	1,011,648	2,810,133
Insurance and taxes	62,855	-	-	17,959	118,413	751,223	142,010	1,092,460

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2023

	Instruction	Research	Public Services	Academic Support	Student Services	Institutional Support	Auxiliary Services	Total
Interdepartmental expenses	95,735	200	73,909	34,379	365,982	293,525	1,009,105	1,872,835
Operation and maintenance of physical plant, net of salaries, wages, and benefits	708,476	-	-	202,422	641,002	607,265	1,214,530	3,373,695
Operation contracts and Services	201,390	1,327	15,490	66,230	1,741,719	2,613,864	163,608	4,803,628
Other education expenses	403,009	11,890	3,314	437,810	(83,784)	898,586	1,830,324	3,501,149
Student aid expenses	-	-	-	-	395,738	-	-	395,738
Total	\$ 22,976,709	\$ 108,750	\$ 358,322	\$ 3,299,233	\$ 15,259,692	\$ 16,099,870	\$ 11,506,837	\$ 69,609,413
Program services	\$ 22,976,709	\$ 108,750	\$ -	\$ -	\$ 15,259,692	\$ -	\$ 11,506,837	\$ 49,851,988
Support services	-	-	358,322	3,299,233	-	16,099,870	-	19,757,425
	\$ 22,976,709	\$ 108,750	\$ 358,322	\$ 3,299,233	\$ 15,259,692	\$ 16,099,870	\$ 11,506,837	\$ 69,609,413

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, operations, and maintenance of physical plant, and tuition remission/exchange expense, which are all allocated based on management's estimates of usage.

Costs related to the operations and maintenance of the physical plant, including depreciation and interest expense, and tuition remission/exchange expense are allocated to operating programs and supporting activities for June 30 as follows:

	2024			2023		
	Expenses Before Allocation	Total Expense Allocation	Final Allocated Expenses	Expenses Before Allocation	Total Expense Allocation	Final Allocated Expenses
Instruction	\$ 18,373,259	\$ 5,292,330	\$ 23,665,589	\$ 18,203,185	\$ 4,773,524	\$ 22,976,709
Research	142,059	5,646	147,705	102,975	5,775	108,750
Public support	347,366	9,288	356,654	351,405	6,917	358,322
Academic support	2,548,750	1,075,631	3,624,381	2,320,881	978,352	3,299,233
Student services	12,726,280	3,693,194	16,419,474	11,920,659	3,339,033	15,259,692
Institutional support	12,522,300	2,379,978	14,902,278	13,767,364	2,332,506	16,099,870
Auxiliary services	6,931,744	5,690,774	12,622,518	6,245,428	5,261,409	11,506,837
Operation and maintenance of physical plant	9,324,102	(9,324,102)	-	8,496,725	(8,496,725)	-
Depreciation and amortization	5,719,182	(5,719,182)	-	5,252,486	(5,252,486)	-
Interest expense	1,481,204	(1,481,204)	-	1,528,337	(1,528,337)	-
Tuition remission/exchange expense	1,622,353	(1,622,353)	-	1,419,968	(1,419,968)	-
	\$ 71,738,599	\$ -	\$ 71,738,599	\$ 69,609,413	\$ -	\$ 69,909,413

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Notes to Consolidated Financial Statements

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Allocation of costs related to the operation and maintenance of the physical plant, including depreciation and interest expense, and tuition remission/exchange expense, to functional expense categories for the years ended June 30, 2024 and 2023 approximated:

	2024	2023
Instruction	29.2%	28.6%
Research	-	-
Public service	0.1	-
Academic support	5.8	5.9
Student services	20.4	20.0
Institutional support	13.1	14.0
Auxiliary services	31.4	31.5
	100.0%	100.0%

Fundraising costs totaled approximately \$2.8 million and \$2.6 million for the years ended June 30, 2024 and 2023, respectively.

Note 14 – Employee Benefits

Retirement benefits are provided for all employees through a defined contribution retirement plan funded by direct payments to the Teacher's Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). For employees hired prior to July 1, 2016, the College's annual contribution rate was grandfathered at 9.5% of base salary; for employees hired on July 1, 2016 or after, the College's contribution rate was 8.0% of base salary. Employees were required to contribute 5.0% of base salary, and could contribute additional amounts to the extent allowed under Internal Revenue Service (IRS) regulations. As a temporary cost saving measure, effective July 1, 2020 for staff and September 1, 2020 for faculty, the College's annual retirement contribution was suspended and employees were no longer required to participate in the plan. Effective July 1, 2021 for staff and September 1, 2021 for faculty, the College reinstated a contribution of 3% of base salary, with no employee contribution requirement. In the fall of 2022, the College made a one-time discretionary contribution of 2% of eligible wages into the retirement account. Effective July 1, 2023 for staff and September 1, 2023 for faculty, the College increased the contribution to 4% of base salary, with no employee contribution requirement. The College's contribution expense from operations under this plan was approximately \$973,000 and \$1,143,000 for the years ended June 30, 2024 and 2023, respectively.

The College provides health insurance benefits to its employees through its membership in the Virginia Private Colleges Benefits Consortium (the "Consortium"). The Consortium includes a group of private colleges and universities in Virginia and has formed a self-funded plan to provide medical benefits to all plan members. Membership in the Consortium allows member institutions to achieve more flexibility in plan design, greater cost control, enhanced benefit offerings, and increased negotiation power with the carrier community. The College pays monthly premiums to the Consortium based on its claims history, with the monthly amount determined annually. The Consortium also has the right to make special assessments in addition to the monthly premiums.

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Premium payments to the Consortium for the years ended June 30 were funded as follows:

	2024	2023
College-paid share	\$ 3,417,407	\$ 3,249,446
Employee-paid share	1,292,302	1,507,228
Total	<u><u>\$ 4,709,709</u></u>	<u><u>\$ 4,756,674</u></u>

The College was instrumental in establishing the Consortium, and a representative from the College is a member of the Board of the Consortium.

Note 15 – Commitments and Contingencies

Final expenditure reports of grants and contracts submitted to certain granting agencies in current and prior years are subject to audit by such agencies. As a result, the reimbursed expenditures are subject to adjustment. The effect of such adjustments, if any, is not determinable at this time. Management is of the opinion that the liability, if any, would not have a material effect on the College's financial position.

The College's students receive a substantial amount of support from state and federal student financial assistance programs. A significant reduction in the level of this support, if it were to occur, might have an adverse effect on the College's programs and activities.

The College is unable to estimate the range of settlement dates and the related probabilities for certain asbestos remediation AROs. These conditional AROs are primarily related to encapsulated asbestos that is not subject to abatement unless the buildings are demolished and non-encapsulated asbestos that the College would remediate only if it performed major renovations of the applicable buildings. Because these conditional obligations have indeterminate settlement dates, the College could not develop a reasonable estimate of their fair values. The College will continue to assess its ability to estimate fair values at each future reporting date. The related liability, if any, will be recognized once sufficient additional information becomes available.

At any given time, the College is involved in various lawsuits. Management believes that any financial responsibility that may be incurred in the administration and settlement of such lawsuits would be fully covered by the College's liability insurance.

The College is under contract with a construction company to build a Science Center and relocate the College's data center at a total estimated cost of \$6.4 million. As of June 30, 2024, the University had a remaining commitment balance of approximately \$4.9 million.

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Note 16 – Endowment

A summary of assets, liabilities, and net assets of the endowment, including annuity funds, is as follows as of June 30:

	2024	2023
Assets:		
Cash and cash equivalents	\$ 12,006,340	\$ 8,701,162
Contributions receivable	5,200,701	6,864,152
Internal loans to fund construction	7,931,280	7,931,280
Due from other funds	-	2,137
Investments	155,541,721	143,866,453
Cash surrender value of life insurance policies	942,342	952,671
Funds held in trust by others	3,622,391	3,376,385
Total assets	<u>\$ 185,244,775</u>	<u>\$ 171,694,240</u>
Liabilities and net assets:		
Trust and annuity obligations	\$ 1,806,564	\$ 1,549,792
Accrued liabilities	566,842	515,525
Due to other funds	9,422,340	9,422,340
Total liabilities	<u>11,795,746</u>	<u>11,487,657</u>
Net assets:		
Without donor restrictions:		
Quasi-endowment, trust and annuity funds	<u>27,474,104</u>	<u>26,318,389</u>
With donor restrictions:		
Accumulated endowment investment return, net of amounts spent	54,158,509	46,021,285
Life income contract	27,364	22,848
	<u>54,185,873</u>	<u>46,044,133</u>
College held	88,166,661	84,467,676
Funds held in trust by others	3,622,391	3,376,385
	<u>91,789,052</u>	<u>87,844,061</u>
Total net assets	<u>173,449,029</u>	<u>160,206,583</u>
Total liabilities and net assets	<u>\$ 185,244,775</u>	<u>\$ 171,694,240</u>

Endowment net assets included amounts due from the College totaling \$7,931,280 at June 30, 2024 and 2023. Internal loans will be amortized over a period not to exceed 30 years.

Endowment net assets consisted of the following at June 30:

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 145,974,925	\$ 145,974,925	\$ -	\$ 133,888,194	\$ 133,888,194
Board-designated endowment funds	27,474,104	-	27,474,104	26,318,389	-	26,318,389
Total endowment net assets	<u>\$ 27,474,104</u>	<u>\$ 145,974,925</u>	<u>\$ 173,449,029</u>	<u>\$ 26,318,389</u>	<u>\$ 133,888,194</u>	<u>\$ 160,206,583</u>

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Changes in endowment net assets for the years ended June 30 were as follows:

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ 26,318,389	\$ 133,888,194	\$ 160,206,583	\$ 24,658,474	\$ 124,022,619	\$ 148,681,093
Investment return:						
Investment income	172,913	425,148	598,061	766,067	1,477,230	2,243,297
Realized and unrealized gains	5,116,096	12,579,196	17,695,292	3,746,771	7,225,009	10,971,780
Total investment return	5,289,009	13,004,344	18,293,353	4,512,838	8,702,239	13,215,077
Contributions	(1,679,413)	3,343,646	1,664,233	(4,452)	4,817,754	4,813,302
Appropriation for expenditure	(2,705,916)	(4,302,174)	(7,008,090)	(2,848,471)	(3,908,433)	(6,756,904)
Other	252,035	40,915	292,950	-	254,015	254,015
Endowment net assets, ending	<u>\$ 27,474,104</u>	<u>\$ 145,974,925</u>	<u>\$ 173,449,029</u>	<u>\$ 26,318,389</u>	<u>\$ 133,888,194</u>	<u>\$ 160,206,583</u>

Note 17 – Fair Value of Financial Instruments

The following is a summary of the inputs used to determine the fair value of financial assets measured on a recurring basis for the year ended June 30:

	2024				2023			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Financial assets:								
Investments:								
Domestic stocks	\$ 20,317,339	\$ 19,184,339	\$ 1,133,000	\$ -	\$ 22,490,638	\$ 21,378,238	\$ 1,112,400	\$ -
Foreign stocks	6,879,917	6,047,776	832,141	-	9,111,518	8,461,712	649,806	-
Fixed income	14,001,742	12,238,667	1,763,075	-	14,405,332	13,009,338	1,395,994	-
Alternatives	32,080,243	-	19,732,364	12,347,879	29,259,937	-	18,479,723	10,780,214
Cash and cash equivalents	4,161,176	4,161,176	-	-	3,321,242	3,321,242	-	-
Other non-endowment	11,886,092	452,798	11,433,294	-	10,113,656	257,367	9,856,289	-
Other	15,309	-	-	15,309	28,716	-	-	28,716
	<u>89,341,818</u>	<u>42,084,756</u>	<u>34,893,874</u>	<u>12,363,188</u>	<u>88,731,039</u>	<u>46,427,897</u>	<u>31,494,212</u>	<u>10,808,930</u>
Contributions receivable	7,356,245	-	-	7,356,245	6,372,819	-	-	6,372,819
Cash value of life insurance policies	1,007,613	-	1,007,613	-	1,015,150	-	1,015,150	-
Funds held in trust by others	3,622,391	-	-	3,622,391	3,376,385	-	-	3,376,385
Total financial Assets	<u>101,328,067</u>	<u>\$ 42,084,756</u>	<u>\$ 35,901,487</u>	<u>\$ 23,341,824</u>	<u>99,495,393</u>	<u>\$ 46,427,897</u>	<u>\$ 32,509,362</u>	<u>\$ 20,558,134</u>
Measured using NAV as practical expedient	<u>77,964,695</u>				<u>65,127,770</u>			
	<u>\$ 179,292,762</u>				<u>\$ 164,623,163</u>			

Roanoke College

Notes to Consolidated Financial Statements

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The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair values as of June 30:

	2024				2023			
		Contributions	Funds Held			Contributions	Funds Held	
	Investments	Receivable	in Trust by	Total	Investments	Receivable	in Trust by	Total
			Others				Others	
Balance, beginning	\$ 10,808,930	\$ 6,372,819	\$ 3,376,385	\$ 20,558,134	\$ 23,490,384	\$ 2,657,934	\$ 3,242,323	\$ 29,390,641
Purchases	2,208,792	-	-	2,208,792	1,739,631	-	-	1,739,631
Sales	(968,979)	-	-	(968,979)	(12,235,972)	-	-	(12,235,972)
Other changes in market value	314,445	983,426	246,006	1,543,877	(2,185,113)	3,714,885	134,062	1,663,834
Balance, ending	<u>\$ 12,363,188</u>	<u>\$ 7,356,245</u>	<u>\$ 3,622,391</u>	<u>\$ 23,341,824</u>	<u>\$ 10,808,930</u>	<u>\$ 6,372,819</u>	<u>\$ 3,376,385</u>	<u>\$ 20,558,134</u>

Alternative investments, including investments in common trusts, commingled funds, and proprietary funds do not have quoted market prices. The fair value of such investments is based upon the estimated fair values of the underlying investments. The fair values of underlying investments are based upon quoted market prices, where applicable, or upon estimated fair values determined by the respective fund managers and are subject to review by the College and independent annual financial statement audits. The fair values of contributions receivable and funds held in trust by others are based on present values of estimated future cash flows. The fair value of cash value of life insurance policies is based on the cash surrender value of each policy less any loans taken out against the policies.

There were unfunded commitments in the amount of \$23,186,463 as of June 30, 2024.

The following table summarizes by major category the alternative investments valued at NAV per share as of June 30:

	2024			
Major Category	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
a) Absolute return	\$ 13,429,706	\$ -	Quarterly	95 Calendar Days
b) Hedged equities	12,753,546	-	Quarterly	95 Calendar Days
			Twice Monthly, Monthly, or Quarterly (subject to % quarterly gate)	8 – 95 Calendar Days
c) Global equities	39,858,322	-		
d) Natural resources	1,145,200	-	Ad Hoc	Ad Hoc
			December 31 of every odd numbered year	96 Calendar Days
e) Private debt	6,112,964	-	Monthly or Quarterly	
f) Credit	4,664,957	-		20 Calendar Days
	<u>\$ 77,964,695</u>	<u>\$ -</u>		

- a) This fund is an Offshore Limited Company which invests in a diversified portfolio of Absolute Return and Credit hedge fund managers. Aims to generate consistent capital appreciation with modest volatility and low correlation to major investment market risks.

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- b) This fund is an Offshore Limited Company which invests in a diversified portfolio of hedged equities hedge fund managers with a skew towards those which generate their alpha through fundamental, bottom-up stock selection, rather than market timing.
- c) This category includes the following 1) An Offshore Limited Company investing in public equities. Fund is a long-biased beta-1 quantitative strategy which uses a variety of investment signals to screen and select stocks. 2) An Offshore Limited Company investing in public equities. Fund is a global alpha extension fund running with 150% long exposure and 50% short exposure, resulting in a beta 1 portfolio. 3) An Offshore Limited Company investing in long-duration equities managers that target opportunities in public equities through a variety of approaches including generalists and sector, geographical or other niche specialists, co-investments and tactical trades. 4) An Offshore Limited Company which is a systematic beta-1 equity strategy using human and machine derived signals to pick stocks.
- d) This fund invests in a West Virginia Limited Liability Company is a land and natural resources management company which owns land containing coal mines, oversees multiple coal mine operators on this land, and receives and distributes royalty payments based on those mine's coal sales.
- e) This fund is an Offshore Limited Company which invests in a diversified portfolio of illiquid credit strategies and other uncorrelated opportunities, and seeks to capitalize on the dislocations in the banking sector in the aftermath of the global financial crisis, and to capture a premium for both complexity and illiquidity.
- f) This category includes the following 1) Ares Strategic Income Fund is a Delaware BDC that invests primarily in directly originated US senior loans and, 2) Octagon CLO Opportunity Fund is an offshore limited liability company that invests in opportunities across investment grade and mezzanine CLOs, as well as leveraged loans.

Note 18 – COVID-19 Outbreak

In order to help alleviate some of the financial burden on institutions, the Higher Education Emergency Relief Fund (HEERF) was created by Congress to provide certain funding to institutions. The HEERF is an allotment of funding for higher education institutions for budgetary relief. Each institution receives one grant comprised of two parts – student aid and institutional aid. No less than 50% of the grant must be used for direct emergency aid to students including grants for food, housing, course materials, technology, healthcare, and childcare. The remaining portion, up to 50% of the grant, can be used as institutional aid to cover costs related to stopping the spread of COVID, lost revenue, and significant changes in the delivery of instruction due to the COVID outbreak. The College accounted for these funds as restricted contributions included in COVID relief funding with donor restrictions on the consolidated statements of activities. In fiscal year 2022, the College was allotted \$4,647,244 in HEERF III funds under the American Rescue Plan Act (ARPA) with the student and institutional portions totaling \$2,323,622 each. For the year ended June 30, 2023, the College has drawn the full amount of the student aid and institutional portions. The College did not have any HEERF amounts released from restriction in 2024. Amounts released in 2023 were \$4,574,693, which included amounts awarded under HEERF I and HEERF II allotted in prior years.

During the year ended June 30, 2022, the College applied for and received a state grant for COVID financial aid from ARPA managed by The State Council of Higher Education for Virginia (SCHEV). The College received \$408,262 to be used for student financial aid. The College accounted for these funds as restricted contributions included in COVID 19 relief funding with donor restrictions on the consolidated statements of activities. Amounts are released from restrictions as qualified expenses are incurred. For the years ended June 30, 2024 and 2023, the College disbursed \$10,924 and \$395,738, respectively, for student financial aid.