King's College and Subsidiary

Consolidated Financial Statements

June 30, 2024 and 2023

King's College and Subsidiary

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Independent Auditors' Report

To the Board of Directors of
King's College and Subsidiary

Opinion

We have audited the consolidated financial statements of King's College and Subsidiary (the College), 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Baker Tilly US, LLP

Pittston, Pennsylvania
November 25, 2024

	2024	2023
Assets		
Cash and cash equivalents	$ 15,835,201	$ 13,617,227
Short-term investments	1,019,173	2,411,955
Accounts receivable:		
Students, net	753,965	794,813
Other	2,478,186	1,920,066
Contributions receivable, net	2,233,062	1,649,483
Student and other loans receivable	740,914	896,905
Other assets	1,162,622	1,187,696
Assets restricted for capital purposes	-	1,863,002
Cash designated for capital purposes	3,693,035	7,193,035
Investments	112,183,815	109,619,685
Beneficial interest in perpetual trusts	7,005,465	6,561,195
Beneficial interest in charitable remainder trust	474,061	461,862
Land, buildings, and equipment, net	116,952,230	112,051,358
Operating lease right-of-use assets	426,281	621,040
Total assets	$ 264,958,010	$ 260,849,322
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 7,563,794	$ 7,504,984
Deferred revenue and deposits	2,214,310	2,474,347
Agency funds payable	736,415	795,716
Operating lease liability	426,281	621,040
Finance lease liability	260,373	412,470
Long-term debt, net	57,166,124	58,553,627
Refundable advances from federal government for student loans	897,483	1,046,218
Total liabilities	69,264,780	71,408,402
Net Assets		
Without donor restrictions	98,803,582	95,107,617
With donor restrictions	96,889,648	94,333,303
Total net assets	195,693,230	189,440,920
Total liabilities and net assets	$ 264,958,010	$ 260,849,322

See notes to consolidated financial statements

King's College and Subsidiary

Consolidated Statements of Activities
Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Operating Revenues				
Tuition and fees, net	$ 33,880,195	$ -	$ 33,880,195	$ 35,572,097
Auxiliary enterprises	12,311,921	-	12,311,921	12,512,384
Private gifts and grants	2,031,384	3,303,404	5,334,788	2,323,054
Endowment spending policy	2,274,691	5,296,912	7,571,603	6,799,239
Federal and state grants	1,630,099	-	1,630,099	1,518,132
Other	1,000,942	-	1,000,942	743,137
Net assets released from restrictions	8,540,441	(8,540,441)	-	-
Total operating revenues	61,669,673	59,875	61,729,548	59,468,043
Operating Expenses				
Instructional	24,611,653	-	24,611,653	23,635,658
Public services	691,807	-	691,807	947,560
Academic support	5,284,513	-	5,284,513	5,505,906
Student services	10,527,145	-	10,527,145	10,150,959
Institutional support	8,996,305	-	8,996,305	9,277,157
Student aid	-	-	-	76,714
Auxiliary enterprises	11,338,641	-	11,338,641	11,297,380
Total operating expenses	61,450,064	-	61,450,064	60,891,334
Change in Net Assets From Operating Activities	219,609	59,875	279,484	(1,423,291)
Nonoperating				
Endowment income over (less than) spending policy	409,430	1,185,509	1,594,939	(9,185,704)
Gain on interest rate swap	-	-	-	503,258
Gain on disposal of assets	17,269	-	17,269	53,632
Contributions, endowment	-	854,493	854,493	2,432,214
Change in beneficial interest in charitable remainder trust	-	12,198	12,198	(13,595)
Change in beneficial interest in perpetual trusts	-	444,270	444,270	256,240
State capital grant	3,082,770	-	3,082,770	198,066
Other losses	-	-	-	(1,000,000)
Change in noncontrolling interest in subsidiary	(33,113)	-	(33,113)	-
Change in Net Assets From Nonoperating Activities	3,476,356	2,496,470	5,972,826	(6,755,889)
Change in Net Assets	3,695,965	2,556,345	6,252,310	(8,179,180)
Net Assets, Beginning	95,107,617	94,333,303	189,440,920	197,620,100
Net Assets, Ending	$ 98,803,582	$ 96,889,648	$ 195,693,230	$ 189,440,920

King's College and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Tuition and fees, net	$ 35,572,097	$ -	$ 35,572,097
Auxiliary enterprises	12,512,384	-	12,512,384
Private gifts and grants	867,208	1,455,846	2,323,054
Endowment spending policy	2,126,694	4,672,545	6,799,239
Federal and state grants	1,518,132	-	1,518,132
Other sources	743,137	-	743,137
Net assets released from restrictions	6,370,113	(6,370,113)	-
Total operating revenues	59,709,765	(241,722)	59,468,043
Operating Expenses			
Instructional	23,635,658	-	23,635,658
Public services	947,560	-	947,560
Academic support	5,505,906	-	5,505,906
Student services	10,150,959	-	10,150,959
Institutional support	9,277,157	-	9,277,157
Student aid	76,714	-	76,714
Auxiliary enterprises	11,297,380	-	11,297,380
Total operating expenses	60,891,334	-	60,891,334
Change in Net Assets From Operating Activities	(1,181,569)	(241,722)	(1,423,291)
Nonoperating			
Endowment income less than spending policy	(2,562,591)	(6,623,113)	(9,185,704)
Gain on interest rate swap	503,258	-	503,258
Gain on disposal of assets	53,632	-	53,632
Contributions, endowment	-	2,432,214	2,432,214
Change in beneficial interest in charitable remainder trust	-	(13,595)	(13,595)
Change in beneficial interest in perpetual trusts	-	256,240	256,240
State capital grant	198,066	-	198,066
Other losses	(1,000,000)	-	(1,000,000)
Change in noncontrolling interest in subsidiary	-	-	-
Change in Net Assets From Nonoperating Activities	(2,807,635)	(3,948,254)	(6,755,889)
Change in Net Assets	(3,989,204)	(4,189,976)	(8,179,180)
Net Assets, Beginning	99,096,821	98,523,279	197,620,100
Net Assets, Ending	$ 95,107,617	$ 94,333,303	$ 189,440,920

See notes to consolidated financial statements

King's College and Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ 6,252,310	$ (8,179,180)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	5,328,056	5,280,053
Net accretion of deferred financing costs and bond premiums	(162,503)	(179,132)
Net realized and unrealized (gains) losses on investments	(7,654,399)	4,162,548
Restricted contributions for endowment and capital purposes	(2,488,523)	(2,667,289)
State capital grant	-	(198,066)
Change in beneficial interest in perpetual trusts	(444,270)	(256,240)
Change in beneficial interest in charitable remainder trust	(12,199)	13,596
Gain on interest rate swap	-	(503,258)
Bad debt expense	356,660	450,067
Gain on disposal of assets	-	(53,632)
Change in noncontrolling interest	33,113	-
Changes in assets and liabilities:		
Short-term investments	(71,825)	1,237,916
Accounts receivable	(873,932)	(248,888)
Contributions receivable	(385,586)	414,252
Other assets	25,076	(415,195)
Accounts payable and accrued liabilities	(251,615)	616,074
Agency funds payable	(59,301)	(56,833)
Deferred revenue and deposits	(260,037)	(5,026)
Net cash used in operating activities	(668,975)	(588,233)
Cash Flows From Investing Activities		
Purchase of land, buildings, and equipment	(9,918,503)	(2,543,126)
Purchase of investments	(2,180,932)	(4,131,688)
Proceeds from sale of investments	7,271,200	6,497,730
Proceeds from assets held for sale	-	1,769,066
Interest rate swap termination fee paid	-	(572,500)
Repayments of student and other loans	155,991	146,612
Net cash (used in) provided by investing activities	(4,672,244)	1,166,094
Cash Flows From Financing Activities		
Proceeds from issuance of bonds payable	-	9,985,000
Bond issue costs paid	-	(120,399)
Repayment of long-term debt	(1,225,000)	(11,050,000)
Proceeds from restricted contributions for endowment and capital purposes	2,290,529	3,465,183
Proceeds from noncontrolling interest in subsidiary	(33,113)	-
Principal payments on finance leases	(152,097)	(151,526)
Net change in refundable advances from federal government for student loans	(148,735)	29,845
Net cash provided by financing activities	731,584	2,158,103
Net Change in Cash, Cash Equivalents and Restricted Cash	(4,609,635)	2,735,964
Cash, Cash Equivalents and Restricted Cash, Beginning	24,218,846	21,482,882
Cash, Cash Equivalents and Restricted Cash, Ending	$ 19,609,211	$ 24,218,846
Cash, Cash Equivalents and Restricted Cash Consists of:		
Cash and cash equivalents	$ 15,835,201	$ 13,617,227
Short-term investments, Note 17	80,975	1,545,582
Assets restricted for capital purposes	-	1,863,002
Cash designated for capital purposes	3,693,035	7,193,035
Total cash, cash equivalents and restricted cash	$ 19,609,211	$ 24,218,846

See notes to consolidated financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

King's College (College) is a not-for-profit educational institution which provides undergraduate, graduate, and professional education to its students. The College was founded in 1946 by the Congregation of Holy Cross as an independent four-year institution of higher education. The College welcomes students into its community without regard to gender, race, religion, disability, or national origin and seeks to assist talented students of modest financial means.

The College seeks to develop mutually beneficial and cooperative ties to the wider society, and particularly to the civic, cultural, and religious communities of Northeastern Pennsylvania. The broader community offers resources that support and compliment the educational mission of the College, which in turn is a resource to the community through the specialized competencies of its faculty and staff, the volunteer service of students, and through a diverse series of public lectures and religious, cultural and athletic events.

The College formed several taxable entities in connection with the renovation of two properties for use by the College. The entities were established to facilitate federal new market tax credits and historic tax credits, the sale of which were used as part of the financing of the projects. The College is the sole member of SBM HTC Holdings, LLC (SBM Holdings) which has interests in the other entities used in the tax credit transactions. These include Spring Brook Memorial, LLC (85%) and SBM HTC, LLC (1%). Spring Brook Memorial, LLC owns the renovated properties.

Basis of Consolidation

The consolidated financial statements include the accounts of the College and its wholly-owned subsidiary, SBM Holdings. Because of its majority ownership and operational control, SBM Holdings has consolidated Spring Brook Memorial, LLC. All significant intercompany transactions and accounts have been eliminated in consolidation. A noncontrolling interest has been recognized for the outside interests in Spring Brook Memorial, LLC.

Basis of Presentation

The classification of the College's net assets and its revenues, expenses, gains, and losses is based on the existence or absence of donor-imposed restrictions and are categorized as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations; net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors (Board).

Net Assets With Donor Restrictions - Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by a specific purpose, or expire with the passage of time, are reported as net assets with donor restriction. Additionally, funds received as gifts and bequests accepted with donor stipulation that the principal remain intact in perpetuity are also reported as net assets with donor restrictions.

Use of Estimates

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

Statement of Cash Flows/Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the College considers all highly liquid investments with original maturities of 90 days or less, except those included in the College's long-term investment portfolio, to be cash equivalents.

The College maintains accounts with financial institutions which are insured up to limits established by the Federal Deposit Insurance Corporation. The College typically has amounts on deposit in excess of the insurance limit.

The College paid interest of $2,526,483 in 2024 and $2,664,810 in 2023.

Noncash investing and financing activities include: (1) $932,818 in 2024 and $622,393 in 2023 of land, buildings and equipment additions included in accounts payable and accrued expenses, (2) $29,848 in 2024 and $471,050 in 2023 of operating lease right-of-use assets and operating lease liabilities recognized, (3) $445,237 in 2023 of finance lease right-of-use assets (included in land, buildings and equipment) and finance lease liabilities recognized, and (4) $198,066 in 2023 of land buildings and equipment acquired through state capital grants.

Short-Term Investments

Short-term investments are carried at fair value. Interest and dividend income and gains and losses on these investments are included in other sources in the consolidated statements of activities. These investments are used primarily for operating activities of the College.

Accounts Receivable

Students and other accounts receivable are reported net of expected credit losses. Student accounts are written-off when they are determined to be uncollectible based upon management's assessment of individual accounts. The College recognizes an allowance for credit losses to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on consideration of past events and historical loss experience, current and future events based on our expectation at the statement of financial position date. Other receivables are written-off when they are determined to be uncollectible based on management's review of individual balances. Management considers other accounts receivable fully collectible, and no allowance is necessary.

Contributions

All contributions are considered available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as changes in net assets with donor restrictions. When a donor restriction expires, net assets are reclassified as net assets without donor restrictions. However, if a restriction is satisfied in the same fiscal year in which the contribution is received, the College reports the contribution as without donor restrictions. Contributions for acquisition of land, buildings and equipment are included in net assets with donor restriction until the assets are placed in service, at which time they are released to net assets without donor restrictions. Nonfinancial asset contributions are evaluated upon receipt to determine whether the asset will be used or sold and whether the donor has restricted its use. Such assets are valued using third party appraisals.

Unconditional promises to give are recorded at the present value of estimated future cash flows. Contributions of assets other than cash are recorded at their estimated fair value. Conditional contributions or promises are recorded when donor-imposed conditions have been substantially met.

Assets Restricted for Capital Purposes

Assets restricted for capital purposes represented the remaining proceeds from a 2019 bond issue. These assets were carried at fair value and fully expended in 2024.

Cash Designated for Capital Purposes

In 2023, certain cash amounts were designated by the Board as matching funds for capital projects, in pursuit of state capital grant funding. As the capital projects are completed, the Board redesignates any remaining cash back to operations.

Investments

Alternative investments, which are not readily marketable, are carried at net asset value (NAV) as provided by the investment managers. The beneficial interest in assets held by others is carried at NAV as provided by the Affiliate (see below). The College reviews and evaluates the values provided by the investment managers and Affiliate and agrees with the valuation methods and assumptions used to determine the fair value. The estimated fair values include assumptions made by management which could have differed significantly had an active market for these securities existed. Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported in the consolidated statements of activities.

The College's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the consolidated statements of financial position are exposed to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

Investments received as gifts are recorded at fair value upon receipt. The cost of investments sold is determined by use of the specific identification method.

All realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations.

Beneficial Interest in Assets Held by Others

The College invests a significant portion of its endowment with the University of Notre Dame du Lac (Affiliate), a religious affiliate that shares the College's Catholic ministry and educational mission. These assets are held in the Affiliate's endowment pool and are invested for the College's benefit. No variance power has been granted to the Affiliate. The endowment pool is managed to provide a stable source of financial support. To meet this objective, the funds are invested in a diversified asset allocation with an emphasis on equity-based instruments to obtain capital appreciation and current yield. Investments held in the Affiliate's endowment pool include U.S. public equities, non-U.S. public equities, long/short public equities, fixed income securities, marketable alternatives, private equity, real estate and other real assets. The College has no unfunded commitments related to its beneficial interest in assets held by others as of June 30, 2024.

The College may redeem its interest as necessary, under the following terms:

- 2% of units may be redeemed once per calendar quarter to be paid within 30 days of request.
- 12.5% of units may be redeemed upon written request. Redemption is payable on the last day of the quarter that occurs at least 75 days following receipt of the request.
- Additional redemption requests of any or all the remaining units owned by the College require approval of the Chief Investment Officer of the Affiliate.
- Redemption requests may be suspended indefinitely, at the sole discretion of the Chief Investment Officer of the Affiliate, during times of severe market distress.

Further, the Affiliate may initiate redemption of any or all units owned by the College, at its sole discretion. Payment for the redeemed units shall be made within one hundred eighty (180) days.

Beneficial Interest in Perpetual Trusts

The College is the beneficiary of certain perpetual trusts held and administered by others. Under the terms of the trusts, the College has the irrevocable right to receive a portion of the income earned on these trust assets in perpetuity, but never receives the assets held in the trust. The College's percentage of the earnings applied to the fair value of the underlying assets is recognized as an asset and contribution revenue when the trust is established. Distributions from these trusts are recorded as investment income in the consolidated statements of activities based on donor stipulations. The change in value of the perpetual trusts is reported as change in beneficial interest in perpetual trusts in the consolidated statements of activities.

Beneficial Interest in Charitable Remainder Trust

The College is a beneficiary of a charitable remainder trust whose assets are held and administered by a third party. A charitable remainder trust is an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the remaining assets are transferred to the College in accordance with the donor's stated restrictions, if any. The College recognizes the beneficial interest as contribution revenue based on the present value of the estimated benefit to be received when the trust assets are distributed. Adjustments to the beneficial interest are made to reflect changes in the fair value of the underlying trust assets and are reported as change in beneficial interest in charitable remainder trust in the consolidated statements of activities.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost, or estimated cost, less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of buildings (25-50 years) and furniture and equipment (3-10 years). Maintenance and repairs are charged to expense as incurred; replacements and betterments are capitalized.

Assets under finance lease are recorded at the present value of the minimum lease payments and are amortized over the estimated life. Amortization of assets under finance lease is included in depreciation.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support until placed in service. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Deferred Financing Costs and Bond Premiums

Financing costs and bond premiums are amortized over the term of the related debt using the interest method. Such amounts are reported in long-term debt in the consolidated statements of financial position.

Derivative Financial Instrument

The College previously entered into an interest rate swap agreement, which was considered a derivative financial instrument, to manage its exposure on variable rate long-term debt. The interest rate swap agreement was reported at fair value on the consolidated statements of financial position; related changes in fair value were reported in the consolidated statements of activities as gain (loss) on interest rate swap. In 2023, the College terminated the interest rate swap agreement.

Measure of Operations

The College considers its changes in net assets to be operational changes, except for changes related to endowment income (net of the College spending policy), contributions restricted for permanent endowments, changes in value of beneficial interests in charitable remainder and perpetual trusts, change in the value of its interest rate swap agreement, noncontrolling interests in subsidiaries, and other items not considered operational in nature.

Revenue Recognition

Tuition and fees are recognized in the fiscal year in which the academic programs are delivered to the students. Sales and services of auxiliary enterprises, which includes room and board related services, are recognized when the related service is provided or performed. Tuition, fees and auxiliary enterprise contracts all have a duration of less than one year.

Transaction prices for tuition, fees, room and board are determined based on applicable College pricing schedules approved by the Board. Institutional financial aid and discounts provided by the College are reflected as a reduction of the transaction price. The College awards grants-in-aid and scholarships to individuals who meet the College's academic standards. The amounts of such awards are based upon the financial needs and/or merit of each applicant. Institutional financial aid and discounts provided to students was approximately $36,004,000 in 2024 and $35,252,000 in 2023.

Tuition, fees, room and board are due at the beginning of each semester. The College refund policy provides for full or partial refunds for up to seven weeks from the start of the semester. Student accounts receivable includes amounts to which the College is unconditionally entitled. The College considers such amounts as unconditional based on the payment due date.

Student-related deferred revenue for services billed but not yet performed totaled approximately $583,000 at June 30, 2024 and consisted of amounts related to 2024 summer sessions. This amount will be recognized as revenue in fiscal 2025 as academic services are provided. Student-related deferred revenue for services billed but not yet performed totaled approximately $588,000 at June 30, 2023 and consisted of amounts related to 2023 summer sessions. This amount was recognized as revenue in fiscal 2024 as academic services were provided.

The College entered into an agreement with its food service provider under which the provider agreed to fund certain capital improvements. The College has an obligation to repay a portion of the capital advance if the contract is terminated prior to June 30, 2026. The advance is being amortized on a straight-line basis over the term of the contract. The unamortized portion was approximately $461,574 and $692,000 at June 30, 2024 and 2023, respectively, and is included in deferred revenue and deposits.

Federal and state grants are deemed to be nonexchange (nonreciprocal) transactions and fall under the contribution accounting guidance. Under this guidance, revenue related to conditional grants and contracts is recorded when the conditions are met. Most grants are on a cost reimbursement basis and require the College incur eligible expenses prior to the release of funds. The College reports these grants as changes in net assets without donor restrictions when restrictions are met in the same period.

Private gifts and grants are deemed to be nonexchange transactions and are accounted for under the contribution accounting guidance.

Title IV Requirements

The College participates in student financial assistance (Title IV) programs administered by the United States Department of Education (DOE) for the payment of student tuition. Substantial portions of the College's revenue are dependent upon the continued participation in the Title IV programs.

Institutions participating in Title IV programs are required to demonstrate financial responsibility. Financial responsibility is determined through the calculation of a composite score based upon certain financial ratios as defined in regulations. Institutions receiving a composite score of 1.5 or greater are considered fully financially responsible. Institutions receiving a composite score between 1.0 and 1.4 are subject to additional monitoring and institutions receiving a score below 1.0 are required to submit financial guarantees to continue participation in the Title IV programs. The College's composite score in expected to exceed 1.5 in 2024 and 2023.

Advertising

Advertising expenses are recorded as incurred and were approximately $855,000 in 2024 and $684,000 in 2023.

Fundraising Expenses

Fundraising expenses are included in institutional support on the consolidated statements of activities and total approximately $1,652,000 in 2024 and $1,556,000 in 2023.

Income Taxes

The College has received a determination letter from the Internal Revenue Service that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The College accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined that there were no tax uncertainties that met the recognition threshold in 2024 and 2023. The College is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Net Assets Released From Restrictions

Net assets released from restrictions include amounts related to satisfaction of donor restrictions, expiration of time restrictions and endowment spending policy allocations.

Subsequent Events

Subsequent events were evaluated for recognition or disclosure through November 25, 2024, the date the consolidated financial statements were issued.

Accounting Standard Adoption

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

The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. On July 1, 2023, the College adopted the ASU using the modified retrospective approach. The adoption of ASU 2016-13 had no material impact on the consolidated financial statements for the year ended June 30, 2024.

2. Accounts Receivable

Students accounts receivable represent amounts due for tuition, fees and room and board from currently enrolled and former students. The College extends unsecured credit to students and parents of dependent students in connection with their studies. Some of those students are no longer enrolled or have completed their degrees. Student accounts receivable consists of the following at June 30:

	2024	2023
Accounts receivable	$ 1,649,938	$ 1,751,878
Less allowance for credit losses	895,973	957,065
Net	$ 753,965	$ 794,813

The College recognizes an allowance for credit losses to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on consideration of past events and historical loss experience, current and future events based on our expectation at balance sheet date. The College utilizes an aging method to determine the expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the College's historical loss experience. In certain situations, the College may consider certain receivables to have higher risk characteristics. The College measures these receivables individually.

3. Contributions Receivable

Contributions receivable at June 30 are summarized as follows:

	2024	2023
In one year or less	$ 806,072	$ 707,870
Between one year and five years	2,003,010	1,399,510
Between six years and ten years	381,004	445,105
Gross	3,190,086	2,552,485
Less discount and allowance for doubtful collections	957,024	903,002
Net	$ 2,233,062	$ 1,649,483

Contributions are discounted to present value using risk-adjusted rates ranging from 3.0% - 5.0%.

These contributions have been made by businesses, individuals, and related parties primarily located in Pennsylvania. Gross contributions receivable from related parties, primarily Board members, were approximately $1,845,000 and $2,117,000 at June 30, 2024 and 2023, respectively. Approximately 85% of gross contributions receivable at June 30, 2024 are due from five donors.

Contribution revenue from related parties, primarily Board members, was approximately $184,000 and $265,000 in 2024 and 2023, respectively.

Management believes the College's allowance for doubtful collections, which is an estimate based on management's periodic assessment of the risk of collectability of each gift, is adequate based upon information currently known. However, events impacting donors' ability to satisfy their commitments can occur in subsequent years which may result in a material change in the allowance for doubtful collections.

4. Investments

Investments at June 30 are summarized as follows as of June 30:

	2024	2023
Cash equivalents	$ 1,341,011	$ 1,441,561
Other investments	355,030	414,287
Beneficial interest in assets held by others	110,487,774	107,763,837
Total	$ 112,183,815	$ 109,619,685

The components of total investment return are reflected below for the years ended:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net of fees	$ 626,385	$ 885,758	$ 1,512,143
Net realized and unrealized gains	2,057,736	5,596,663	7,654,399
Total	$ 2,684,121	$ 6,482,421	$ 9,166,542

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net of fees	$ 702,862	$ 1,073,221	$ 1,776,083
Net realized and unrealized losses	(1,138,759)	(3,023,789)	(4,162,548)
Total	$ (435,897)	$ (1,950,568)	$ (2,386,465)

The above amounts are reported in the consolidated statements of activities under the following captions for the years ended June 30:

	2024	2023
Endowment spending policy	$ 7,571,603	$ 6,799,239
Endowment income over (less than) spending policy	1,594,939	(9,185,704)
Total	$ 9,166,542	$ (2,386,465)

5. Liquidity and Availability

The College's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for tuition charges and collections on student accounts in relation to the start of academic semesters.

The following table reflects the College's financial assets as of June 30 which are available to meet cash needs for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year due to contractual or Board action. Assets considered illiquid are assets restricted by third parties for capital purposes and perpetual and Board-designated endowments and accumulated earnings thereon (net of appropriations to be taken within one year). The Board-designated endowment could be drawn upon if the Board approves that action.

	2024	2023
Cash and cash equivalents	$ 15,835,201	$ 13,617,227
Short-term investments	1,019,173	2,411,955
Student and other accounts receivable, net	3,232,151	2,714,879
Contributions receivable due within one year, without restrictions	158,499	194,040
Planned appropriation of endowment	7,049,290	7,548,230
Total available	$ 27,294,314	$ 26,486,331

The College structures its financial assets to be available as general expenditures, liabilities and obligations become due. The College also maintains a $20,000,000 revolving credit facility which can be drawn upon in the event of a liquidity need.

6. Land, Buildings and Equipment

Land, buildings and equipment at June 30 are summarized as follows:

	2024	2023
Land	$ 18,666,061	$ 18,666,061
Land improvements	6,267,596	6,078,867
Buildings and improvements	148,753,048	146,401,615
Furniture, fixtures and equipment	39,603,503	38,569,048
Construction in progress	8,659,703	2,025,292
Total	221,949,911	211,740,883
Less accumulated depreciation	104,997,681	99,689,525
Net	$ 116,952,230	$ 112,051,358

Construction in progress includes the renovation of both the former Times Leader building and the College's Student Success Center. These projects are expected to be completed in 2025, and the College is committed to costs to complete of approximately $3.9 million.

Included in the above table is equipment under finance lease with a cost of $636,215 in 2024 and in 2023 as well as accumulated depreciation of $381,811 in 2024 and $227,368 in 2023.

7. Long-Term Debt

Long-term debt at June 30 is as follows:

	2024	2023
College:		
$20,000,000 revolving line of credit, maturing January 2025. Interest is payable monthly based on the one-month Secured Overnight Financing Rate plus 1.28% (6.62% at June 30, 2024).	$ -	$ -
College Revenue Bonds, Series of 2023, payable in annual principal installments through May 2031. Interest is payable semi-annually at 5.00%.	8,960,000	9,985,000
College Revenue Bonds, Series of 2019, payable in annual principal installments through May 2049. Interest is payable semi-annually at rates ranging from 3.125% to 5.00%.	44,435,000	44,635,000
Spring Brook Memorial, LLC:		
Term note, interest payable quarterly at a rate of .9143% plus, beginning in 2026, quarterly principal installments through May 2049.	1,083,600	1,083,600
Total principal outstanding	54,478,600	55,703,600
Bond premiums	3,288,087	3,533,198
Unamortized financing costs	(600,563)	(683,171)
Total long-term debt , net	$ 57,166,124	$ 58,553,627

In May 2023, the Northeastern Pennsylvania Hospital and Education Authority (Authority) issued $9,985,000 of College Revenue Bonds, Series of 2023 (2023 Bonds). The proceeds of the bonds issued were then loaned to the College by the Authority under the terms of a loan agreement between the two parties. The bonds were then purchased from the Authority by various banks and institutions and the College has agreed to pay the Authority's obligations under the bonds. Proceeds were used to refund the outstanding balance of the College Revenue Notes, Series A of 2014, and to pay related issuance costs.

The College's long-term debt is collateralized by a security interest in the College's gross revenues.

The scheduled principal payments on long-term debt are as follows:

Years ending June 30:	
2025	$ 1,275,000
2026	2,368,600
2027	1,355,000
2028	1,425,000
2029	1,495,000
Thereafter	46,560,000
Total	$ 54,478,600

Interest expense was approximately $2,090,000 in 2024 and $2,428,000 in 2023. Interest expense is reported net of capitalized interest of approximately $274,000 in 2024 and $82,000 in 2023.

8. Leases

The College has a variety of operating and finance leases for equipment. The College determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. The College categorizes leases with contractual terms longer than twelve months as either operating or finance. The leases have terms ranging from three to five years and generally have no renewal options. Lease assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating and finance lease right of use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the College's collateralized incremental borrowing rate in determining the present value of future payments.

The following is a schedule of the future minimum lease payments on these leases at June 30, 2024:

	Operating	Finance
Years ending June 30:		
2025	$ 200,656	$ 137,662
2026	115,060	127,291
2027	68,277	4,826
2028	45,518	-
Total	429,511	269,779
Less amounts representing interest	3,230	9,405
Lease liability	$ 426,281	$ 260,374

Operating lease expense, including short-term lease expense, was approximately $230,000 in 2024 and $396,000 in 2023. Operating leases have a weighted average remaining term of 1.1 years in 2024 and 3.3 years in 2023, and a weighted average discount rate of 1.62% in 2024 and .72% in 2023.

Finance lease cost was approximately $152,000 in 2024 and $158,000 in 2023, including amortization of $155,000 in 2024 and $155,000 in 2023 and interest of $11,000 in 2024 and $3,000 in 2023. Finance leases have a weighted average remaining term of 1.9 years in 2024 and 2.8 years in 2023, and a weighted average discount rate of 3.1% in 2024 and 3.07% in 2023.

9. Pension

The College sponsors a defined contribution pension plan. Pension expense was approximately $827,000 in 2024. No matching contribution was made in 2023.

10. Net Assets

Net assets consist of the following at June 30:

	2024	2023
Net assets without donor restrictions:		
Undesignated	$ 14,179,895	$ 10,034,320
Board-designated endowment	29,163,972	28,719,591
Board-designated for capital purposes	3,693,035	7,193,035
Net investment in land, buildings and equipment	51,766,680	49,160,671
Total	$ 98,803,582	$ 95,107,617
Net assets with donor restrictions:		
Scholarship, instruction and plant purposes	$ 5,445,353	$ 5,385,478
Accumulated unspent endowment earnings	39,213,064	38,027,556
Assets held in perpetuity	44,751,705	43,897,212
Beneficial interest in perpetual trusts	7,005,465	6,561,195
Beneficial interest in charitable remainder trust	474,061	461,862
Total	$ 96,889,648	$ 94,333,303

11. Endowment Funds

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

The Board has developed a policy 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 as interpreted through review of current Pennsylvania laws. As a result of this interpretation, the College classifies as net assets with donor restrictions (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 to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The College considers the following factors in determining whether 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
7. The investment policies of the College

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. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The College expects its endowment funds, over time, to provide an average rate of return of approximately 5%, plus inflation, annually. To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The College has a policy of appropriating for distribution each year a percentage of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the College considered the long-term expected return on its endowment. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Board authorized an endowment appropriation of 7% in 2024 and 2023.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 28,719,591	$ 88,947,824	$ 117,667,415
Investment return:			
Investment income	626,386	885,758	1,512,144
Net realized and unrealized gains	2,057,736	6,053,132	8,110,868
Total investment return	2,684,122	6,938,890	9,623,012
Contributions	12,290	854,493	866,783
Transfers in	22,660	-	22,660
Appropriation of endowment assets for expenditure	(2,274,691)	(5,296,912)	(7,571,603)
Endowment net assets, end of year	$ 29,163,972	$ 91,444,295	$ 120,608,267

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

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 31,270,428	$ 92,896,078	$ 124,166,506
Investment return:			
Investment income	702,862	1,073,221	1,776,083
Net realized and unrealized losses	(1,138,759)	(2,781,144)	(3,919,903)
Total investment return	(435,897)	(1,707,923)	(2,143,820)
Contributions	11,754	2,432,214	2,443,968
Appropriation of endowment assets for expenditure	(2,126,694)	(4,672,545)	(6,799,239)
Endowment net assets, end of year	$ 28,719,591	$ 88,947,824	$ 117,667,415

12. Commitments and Contingencies

The College evaluates contingencies on an ongoing basis and establishes loss provisions for matters in which losses are probable and can be reasonably estimated. In 2023, the College recognized a loss provision of $1 million related to a legal matter that met the above-noted recognition criteria and is included in accounts payable and accrued liabilities at June 30, 2023. The amount was settled in 2024.

The College is subject to other legal proceedings generally incidental to its business. Although the final outcome of any legal proceedings is subject to many variables and cannot be predicted with any degree of certainty, the College presently believes that the ultimate outcome resulting from those proceedings would not have a material effect on the College's consolidated financial statements.

Amounts received and expended by the College under various federal and state programs (principally related to student financial aid) are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position or result of activities of the College.

The College is self-insured for employees' medical insurance. The College has limited its self-insurance liability through the purchase of catastrophic reinsurance coverage which will reimburse the College for any claims in excess of policy limits incurred in any plan year. Self-insurance costs are accrued based on claims reported as of the consolidated statements of financial position date as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs, included with accounts payable and accrued liabilities in the consolidated statements of financial position, was approximately $1,031,000 and $1,175,000 at June 30, 2024 and 2023, respectively. The cost of medical coverage for employees was approximately $2,649,000 in 2024 and $2,939,000 in 2023.

The College owns several buildings constructed prior to the passage of the Clean Air Act that contain encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe manner prior to demolition or renovation of the buildings. The College has not recognized the asset retirement obligation for asbestos removal in its consolidated financial statements because it currently has no plans to demolish or renovate these buildings and as such, cannot reasonably estimate the fair value of the obligation. If plans change with respect to the use of the buildings and sufficient information becomes available to estimate the liability, it will be recognized at that time.

13. Related-Party Transactions

The College has transactions with entities which members of the Board have relationships as owners, officers or board members. The College engaged in the following related party transactions:

- As discussed in Note 4, the College had contributions receivable from related parties of approximately $1,845,000 and $2,117,000 at June 30, 2024 and 2023, respectively, and recognized contribution revenue from related parties of approximately $247,000 in 2024 and $312,000 in 2023.
- The College maintains cash at a financial institution, whose board member also serves on the College's Board. The College maintained approximately $2,661,000 in 2024 and $2,518,000 in 2023 at the financial institution.
- Most of the College's endowment investments are pooled with a religious affiliate of the College. The President of the College and two other Board members serve on the board of the religious affiliate. Total pooled investments were approximately $110,488,000 in 2024 and $107,764,000 in 2023.
- The College paid legal and professional fees to a firm, which has a principal who is a member of the Board, of approximately $117,000 in 2024 and $126,000 in 2023.
- The College paid transportation costs to a company, which has an officer who is a member of the Board, of approximately $316,000 in 2024 and $238,000 in 2023.
- The College has an existing program affiliation agreement with another college, whose board member also serves on the College's Board. The College paid approximately $303,000 in 2024 and $265,000 in 2023 in program affiliation fees.
- In 2004, the Congregation of Holy Cross entered into an agreement with the College to lease land located on the College's campus. The term of the lease is approximately 30 years at a rate of $10 per year, payable by December 1st of each year. If at any time during the lease period, the lessee decides to sell the buildings and improvements constructed on the leased land, the College has the first option to purchase such buildings and improvements at market value

14. Fair Value Measurements

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. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument;

Level 3 - Prices or valuation techniques that are unobservable in the market and require significant management judgment or estimation to measure fair value.

A financial asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following tables present the College's financial assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy. Investments measured using the NAV practical expedient are not required to be categorized within the fair value hierarchy. However, they are included in the total column to reconcile to investments reported on the consolidated statements of financial position.

	2024			
	Total	Quoted Prices in Active Markets (Level1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments:				
Money market accounts	$ 80,975	$ 80,975	$ -	$ -
Exchange traded funds	926,666	926,666	-	-
U.S Treasury bonds	11,532	11,532	-	-
Total short-term investments	1,019,173	1,019,173	-	-
Investments:				
Money market accounts	1,341,011	1,341,011	-	-
Investments measured at NAV:				
Other	355,030	-	-	-
Beneficial interest in assets held by others	110,487,774	-	-	-
Total investments	112,183,815	1,341,011	-	-
Beneficial interest in perpetual trusts	7,005,465	-	-	7,005,465
Beneficial interest in charitable remainder trust	474,061	-	-	474,061
Total assets	$ 120,682,514	$ 2,360,184	$ -	$ 7,479,526

	2023			
	Total	Quoted Prices in Active Markets (Level1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments:				
Money market accounts	$ 1,545,582	$ 1,545,582	$ -	$ -
Exchange traded funds	854,983	854,983	-	-
U.S Treasury bonds	11,390	11,390	-	-
Total short-term investments	2,411,955	2,411,955	-	-
Assets restricted for capital purposes:				
Money market accounts	1,863,002	1,863,002	-	-
Investments:				
Money market accounts	1,441,561	1,441,561	-	-
Investments measured at NAV:				
Other	414,287	-	-	-
Beneficial interest in assets held by others	107,763,837	-	-	-
Total investments	109,619,685	1,441,561	-	-
Beneficial interest in perpetual trusts	6,561,195	-	-	6,561,195
Beneficial interest in charitable remainder trust	461,862	-	-	461,862
Total assets	$ 120,917,699	$ 5,716,518	$ -	$ 7,023,057

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

- The carrying amount of money market accounts approximate fair value due to the short-term nature of the accounts.
- Exchange-traded funds are valued using quoted market prices in active markets for those securities.
- Other investments and the beneficial interest in assets held by others are valued at NAV as a practical expedient, without further adjustments, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the College's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the College sold all or a portion of these investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment.
- Beneficial interests in perpetual and charitable remainder trusts are measured at fair value using the College's percentage of the trust applied to the fair value of the underlying assets, which approximates the present value of estimated future cash flows to be received from the trusts.

Investments measured at NAV consist of the following at June 30:

	2024				
Investment Category	**Investment Strategy**	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Other	Investments in limited partnerships which hold natural resources, real estate loans, emerging growth companies and private equity companies with objective of long-term capital growth.	$ 355,030	$ 155,550	Quarterly income distributions. No ability to redeem ownership until termination of limited partnerships, all of which have reached specified termination date.	N/A
Beneficial interest in assets held by others	Fund is independently managed fund. Asset allocation determined by fund management.	$ 110,487,774	$ -	Disclosed in accounting policy - Note 1	Disclosed in accounting policy - Note 1

	2023				
Investment Category	**Investment Strategy**	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Other	Investments in limited partnerships which hold natural resources, real estate loans, emerging growth companies and private equity companies with objective of long-term capital growth.	$ 414,287	$ 156,800	Quarterly income distributions. No ability to redeem ownership until termination of limited partnerships, all of which have reached specified termination date.	N/A
Beneficial interest in assets held by others	Fund is independently managed fund. Asset allocation determined by fund management.	$ 107,763,837	$ -	Disclosed in accounting policy - Note 1	Disclosed in accounting policy - Note 1

15. Expenses by Nature and Function

The tables below present expenses by both their nature and function. The functions of instruction and academic support are grouped as academic while student services and student aid are grouped as student services. Certain categories of expenses are attributable to one or more functions. Accordingly, depreciation, interest and operations and maintenance expenses are allocated to functional classifications based on square footage. Employee benefits have been allocated based on related salaries and wages.

	June 30, 2024						
	Program Services				Management and General		
	Academic	Student Services	Public Services	Auxiliary Enterprises	Institutional Support	Operations and Maintenance	Total
Salaries and wages	$ 16,369,242	$ 4,056,872	$ 178,769	$ 17,851	$ 4,416,234	$ 2,079,611	$ 27,118,579
Employee benefits	4,796,213	1,150,020	42,383	-	1,289,796	616,930	7,895,342
Depreciation	2,256,648	491,242	-	2,234,437	345,729	-	5,328,056
Contracts and consultants	970,966	2,045,156	163,374	4,872,266	1,323,057	1,214,329	10,589,148
Occupancy expenses	1,042	147,831	100	-	113,058	2,905,402	3,167,433
Interest expense	574,592	367,292	-	1,051,650	96,445	-	2,089,979
Other expenses	1,798,619	1,587,625	307,181	64,389	932,633	571,080	5,261,527
Total	26,767,323	9,846,038	691,807	8,240,593	8,516,952	7,387,352	61,450,064
Allocated operations and maintenance	3,128,843	681,107	-	3,098,048	479,353	(7,387,352)	-
Total functional expenses	$ 29,896,166	$ 10,527,145	$ 691,807	$ 11,338,641	$ 8,996,305	$ -	$ 61,450,064

	June 30, 2023						
	Program Services				Management and General		
	Academic	Student Services	Public Services	Auxiliary Enterprises	Institutional Support	Operations and Maintenance	Total
Salaries and wages	$ 15,962,425	$ 4,041,585	$ 365,431	$ 6,122	$ 4,159,511	$ 1,968,461	$ 26,503,535
Employee benefits	4,401,311	1,094,795	111,286	-	1,156,874	557,069	7,321,335
Depreciation	2,222,386	524,057	-	2,201,018	332,592	-	5,280,053
Contracts and consultants	895,640	1,795,614	297,679	4,622,021	1,378,101	1,231,492	10,220,547
Occupancy expenses	129,077	166,946	12,134	21,054	121,985	3,113,992	3,565,188
Interest expense	658,489	402,347	-	1,247,943	119,167	-	2,427,946
Other expenses	1,709,654	1,513,878	161,030	67,767	1,524,405	595,996	5,572,730
Total	25,978,982	9,539,222	947,560	8,165,925	8,792,635	7,467,010	60,891,334
Allocated operations and maintenance	3,162,582	688,451	-	3,131,455	484,522	(7,467,010)	-
Total functional expenses	$ 29,141,564	$ 10,227,673	$ 947,560	$ 11,297,380	$ 9,277,157	$ -	$ 60,891,334

16. Tax Credit Financing

The College formed several taxable entities to facilitate federal new market tax credits and historic tax credits in connection with the renovation of two properties owned by Spring Brook Memorial, LLC.

In the new market tax credit transaction, the College loaned $3,326,400 to an entity owned by a bank. This entity then invested those funds along with $1,083,600 from the bank into a second entity in exchange for the new market tax credits. The new market tax credits were passed to the bank as owner of the first entity. The second entity then loaned the $3,326,400 and the $1,083,600 to Spring Brook Memorial, LLC for use in the renovation of the properties. Given the structure of the transaction, the College has taken the position that its loan of $3,326,400 is essentially a loan between the College and Spring Brook Memorial, LLC and, therefore, it has been eliminated in the consolidated financial statements. In September 2024, the bank exercised a put option and sold its interest in the first entity for a nominal amount and the other entities involved in the transaction were liquidated and both loans were forgiven. The College will recognize forgiveness of debt income in 2025 of $1,083,600 from the other loan.

Spring Brook Memorial, LLC's renovation projects qualified for historic tax credits. These credits were transferred to SBM HTC, LLC in exchange for a total investment of $1,103,783 by SBM HTC, LLC. As of June 30, 2024 and 2023, $1,103,783 has been invested by SBM HTC, LLC. A bank owns 99% of SBM HTC, LLC and has invested $1,103,783 in SBM HTC, LLC as of June 30, 2024 and 2023, and is entitled to 99% of the historic tax credits passed though SBM HTC, LLC. The College will receive the remaining 1% of the tax credits from its interest in SBM HTC Holdings, LLC.

In September 2024, the bank exercised a put option for a nominal amount and SBM HTC, LLC was liquidated. At June 30, 2024 and 2023, the bank's investment has been recognized as a part of the noncontrolling interest in subsidiary in the consolidated financial statements.

17. DOE Financial Responsibility

DOE regulations require the College provide additional disclosures to assist the DOE in measuring financial responsibility through the composite score of financial ratios. The following table provides the additional disclosures related to land, buildings and equipment, net and long-term debt at June 30, 2024.

Pre-implementation, land, buildings and equipment, net	$ 87,584,564
Post-implementation:	
Land, buildings and equipment, net, with outstanding debt for original purchase	254,404
Land, buildings and equipment, net, without outstanding debt for original purchase	20,453,559
Construction in progress	8,659,703
Total land, buildings and equipment, net, without outstanding debt for original purchase	29,113,262
Total land, buildings and equipment, net	$ 116,952,230
Pre-implementation, long-term debt	$ 57,166,124
Post-implementation, long-term debt	$ 260,373