Aquinas College

Independent Auditor's Report and Financial Statements

June 30, 2024 and 2023

Contents

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Independent Auditor's Report

Board of Trustees
Aquinas College
Grand Rapids, Michigan

Opinion

We have audited the financial statements of Aquinas College (College), which comprise the statements of financial position as of June 30, 2024, and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Aquinas 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 (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern within one year after the date that the 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 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Forvis Mazars, LLP

Fort Wayne, Indiana
December 19, 2024

Aquinas College
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and restricted cash	$ 2,594,295	$ 2,894,773
Student accounts receivable - net of allowance of $185,000 and $215,000 at June 30, 2024 and 2023, respectively	691,591	626,362
Government grants receivable	359,418	819,398
Pledges receivable - net (Note 2)	1,011,106	1,269,151
Other receivables	203,388	254,113
Prepaid expenses and other assets	157,020	230,344
Cash value of life insurance (Note 3)	17,042	17,042
Beneficial interest in trusts (Notes 4 and 8)	11,272,255	10,589,212
Investments held for long-term purposes (Note 4)	47,174,465	45,830,752
Land, buildings, and equipment - net (Note 6)	62,958,426	65,544,260
Total assets	$ 126,439,006	$ 128,075,407
Liabilities		
Accounts payable	$ 610,773	$ 492,376
Accrued payroll expenses	1,304,098	1,465,341
Accrued interest	257,117	216,554
Students' and other deposits	315,321	311,720
Deferred revenue	148,877	204,915
Lines of credit and term notes (Note 7)	8,119,614	9,169,614
Funds held in trust for others	13,759	12,145
Obligations under split-interest agreements (Note 8)	5,017	5,989
Finance lease liabilities	639,199	356,782
Bonds payable (Note 9)	28,357,016	28,427,789
Accrued post-retirement benefits (Note 11)	269,978	381,613
Total liabilities	40,040,769	41,044,838
Net Assets		
Without donor restrictions	29,280,853	30,938,596
With donor restrictions	57,117,384	56,091,973
Total net assets	86,398,237	87,030,569
Total liabilities and net assets	$ 126,439,006	$ 128,075,407

Aquinas College
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Tuition and fees, net	$ 15,451,450	$ -	$ 15,451,450
Government grants	533,560	-	533,560
Private gifts and grants	1,679,263	1,831,402	3,510,665
Investment gain, net	343,901	5,391,149	5,735,050
Change in value of split-interest agreements	972	996,500	997,472
Auxiliary activities	7,120,480	-	7,120,480
Other income	1,402,627	-	1,402,627
Total revenues, gains, and other support	26,532,253	8,219,051	34,751,304
Net Assets Released From Restrictions			
Purpose restrictions accomplished for student and operational support and capital projects	7,193,640	(7,193,640)	-
Total revenue, gains, other support, and net assets released from restrictions	33,725,893	1,025,411	34,751,304
Expenses			
Instruction	9,739,037	-	9,739,037
Public service	693,842	-	693,842
Academic support	2,460,199	-	2,460,199
Student services	9,483,606	-	9,483,606
Auxiliary enterprises	5,934,631	-	5,934,631
Institutional support	6,494,223	-	6,494,223
Fundraising	578,098	-	578,098
Total expenses	35,383,636	-	35,383,636
Change in Net Assets	(1,657,743)	1,025,411	(632,332)
Net Assets, Beginning of Year	30,938,596	56,091,973	87,030,569
Net Assets, End of Year	$ 29,280,853	$ 57,117,384	$ 86,398,237

Aquinas College
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Tuition and fees, net	$ 15,885,275	$ -	$ 15,885,275
Government grants	612,872	-	612,872
Private gifts and grants	1,145,348	2,079,018	3,224,366
Investment return, net	178,169	4,038,166	4,216,335
Change in value of split-interest agreements	71	796,608	796,679
Auxiliary activities	6,530,818	-	6,530,818
Other income	1,146,014	-	1,146,014
Total revenues, gains and other support	25,498,567	6,913,792	32,412,359
Net Assets Released From Restrictions			
Purpose restrictions accomplished for student and operational support and capital projects	3,581,612	(3,581,612)	-
Total revenue, gains, other support and net assets released from restrictions	29,080,179	3,332,180	32,412,359
Expenses			
Instruction	10,197,110	-	10,197,110
Public service	682,316	-	682,316
Academic support	2,388,293	-	2,388,293
Student services	10,996,353	-	10,996,353
Auxiliary enterprises	5,974,708	-	5,974,708
Institutional support	6,474,084	-	6,474,084
Fundraising	1,093,267	-	1,093,267
Total expenses	37,806,131	-	37,806,131
Change in Net Assets	(8,725,952)	3,332,180	(5,393,772)
Net Assets, Beginning of Year	39,664,548	52,759,793	92,424,341
Net Assets, End of Year	$ 30,938,596	$ 56,091,973	$ 87,030,569

Aquinas College
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Activities						Supporting Activities			
2024	Instruction	Public Service	Academic Support	Student Services	Auxiliary	Total Program Activities	Institutional Support	Fundraising	Total Support Activities	Total Expenses
Salaries and benefits	$ 7,297,739	$ 379,969	$ 1,525,066	$ 4,859,964	$ 838,863	$ 14,901,601	$ 2,883,100	$ 288,607	$ 3,171,707	$ 18,073,308
Depreciation	1,004,150	45,843	228,611	508,115	1,321,927	3,108,646	129,208	-	129,208	3,237,854
Supplies	79,201	25,956	135,821	425,109	8,068	674,155	184,238	21,802	206,040	880,195
Contracted services	207,713	24,689	219,233	1,083,400	2,426,164	3,961,199	1,652,675	114,841	1,767,516	5,728,715
Training, travel, and cultivation	203,665	143,944	57,216	1,681,094	29,533	2,115,452	226,267	59,903	286,170	2,401,622
Marketing	5,165	25,443	128	257,527	-	288,263	130,533	24,197	154,730	442,993
Maintenance and repair	190,517	8,539	83,754	99,808	315,970	698,588	727,004	-	727,004	1,425,592
Interest	404,660	18,474	92,127	204,764	532,720	1,252,745	337,035	-	337,035	1,589,780
Utilities	319,280	14,576	72,689	161,560	420,321	988,426	41,083	-	41,083	1,029,509
Equipment	26,947	6,409	45,554	202,265	41,065	322,240	183,080	68,748	251,828	574,068
Total expenses	$ 9,739,037	$ 693,842	$ 2,460,199	$ 9,483,606	$ 5,934,631	$ 28,311,315	$ 6,494,223	$ 578,098	$ 7,072,321	$ 35,383,636

The financial statements report certain categories of expenses that are attributable to more than one program or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and occupancy, which are all allocated on a square footage basis, as well as salaries and benefits, which are allocated based on estimates of time and effort.

See Notes to Financial Statements

Aquinas College
Statement of Functional Expenses
Year Ended June 30, 2023

2023	Program Activities: Instruction	Program Activities: Public Service	Program Activities: Academic Support	Program Activities: Student Services	Program Activities: Auxiliary	Total Program Activities	Supporting Activities: Institutional Support	Supporting Activities: Fundraising	Total Support Activities	Total Expenses
Salaries and benefits	$ 7,637,617	$ 393,955	$ 1,539,978	$ 5,631,560	$ 934,603	$ 16,137,713	$ 2,876,473	$ 595,264	$ 3,471,737	$ 19,609,450
Depreciation	1,016,294	46,398	231,376	514,260	1,337,914	3,146,242	130,771	-	130,771	3,277,013
Supplies	94,206	27,589	29,144	549,224	5,140	705,303	198,383	62,591	260,974	966,277
Contracted services	200,604	28,606	275,417	1,350,923	2,351,790	4,207,340	1,578,246	108,871	1,687,117	5,894,457
Training, travel, and cultivation	260,419	112,714	53,658	1,953,496	37,142	2,417,429	241,973	169,536	411,509	2,828,938
Marketing	6,880	27,485	-	244,645	-	279,010	84,501	68,820	153,321	432,331
Maintenance and repair	214,737	8,517	88,073	116,608	330,611	758,546	956,642	-	956,642	1,715,188
Interest	410,238	18,729	93,397	207,586	540,063	1,270,013	245,552	-	245,552	1,515,565
Utilities	297,557	13,585	67,744	150,568	391,723	921,177	38,288	-	38,288	959,465
Equipment	58,558	4,738	9,506	247,284	45,722	365,808	123,255	88,185	211,440	577,248
Student relief	-	-	-	30,199	-	30,199	-	-	-	30,199
Total expenses	$ 10,197,110	$ 682,316	$ 2,388,293	$ 10,996,353	$ 5,974,708	$ 30,238,780	$ 6,474,084	$ 1,093,267	$ 7,567,351	$ 37,806,131

The financial statements report certain categories of expenses that are attributable to more than one program or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and occupancy, which are all allocated on a square footage basis, as well as salaries and benefits, which are allocated based on estimates of time and effort.

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

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ (632,332)	$ (5,393,772)
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities		
Depreciation	3,237,854	3,277,013
Amortization of loan issuance costs	19,965	19,965
Amortization of premium on bonds	(90,738)	(90,738)
Credit loss expense - student accounts receivable	95,032	86,784
Credit loss expense - pledges receivable	231,848	31,848
Loss on disposal of fixed assets	-	53,249
Net unrealized gains on investments	(2,659,643)	(3,824,713)
Net realized (gains) losses on investments	(1,892,880)	729,044
(Increase) decrease in assets		
Student accounts receivable	(160,261)	(27,492)
Pledges receivable	26,197	248,354
Government grants receivable	459,980	(365,495)
Other receivables	50,725	(105,991)
Beneficial interests in trusts	(683,043)	(367,052)
Prepaid expenses and other assets	73,324	557,749
Increase (decrease) in liabilities		
Accounts payable	129,251	(72,753)
Accrued payroll expenses	(161,243)	(467,032)
Accrued interest	40,563	(10,307)
Students' and other deposits	3,601	(62,876)
Deferred revenue	(56,038)	(18,925)
Obligations under split-interest agreements	366	1,267
Funds held in trust for others	1,614	1,332
Refundable Federal Perkins Loan advances	-	(33,586)
Post-retirement healthcare benefits	(111,635)	(37,749)
Contributions received and payments on pledges receivable restricted for endowment	(426,496)	(930,723)
Contributions received and payments on pledges receivable restricted for land, building, and equipment	(379,164)	(378,335)
Net cash used in operating activities	(2,883,153)	(7,180,934)
Cash Flows From Investing Activities		
Purchase of buildings, improvements, equipment, and library materials	(243,050)	(592,278)
Proceeds from sale of buildings, improvements, equipment, and library materials	-	202,645
Proceeds from sale of investments	14,427,536	18,412,665
Purchase of investments	(11,218,726)	(18,097,510)
Net cash provided by (used in) investing activities	2,965,760	(74,478)
Cash Flows From Financing Activities		
Proceeds from contributions restricted for		
Endowment	426,496	930,723
Land, building, and equipment	379,164	378,335
Payments on obligations under split-interest agreements	(1,338)	(1,338)
Payments on finance lease liabilities	(137,407)	(202,645)
Payments on notes payable	(650,000)	-
Proceeds from borrowings on lines of credit	14,100,000	6,000,000
Payments on lines of credit and term notes	(14,500,000)	(2,225,000)
Net cash (used in) provided by financing activities	(383,085)	4,880,075
Net Decrease in Cash and Restricted Cash	(300,478)	(2,375,337)
Cash and Restricted Cash, Beginning of Year	2,894,773	5,270,110
Cash and Restricted Cash, End of Year	$ 2,594,295	$ 2,894,773

	2024	2023
Cash and Restricted Cash		
Cash	$ 103,764	$ 328,274
Cash restricted for debt service	2,490,531	2,566,499
Cash and Restricted Cash, End of Year	$ 2,594,295	$ 2,894,773
Supplemental Cash Flow Data		
Interest paid	$ 1,558,465	$ 1,606,280
Capital assets in accounts payable	-	10,854
ROU assets obtained in exchange for new finance lease liabilities	$ 419,824	$ 159,159

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Aquinas College (College), an inclusive educational community rooted in the Catholic Dominican tradition, provides a liberal arts education with a global perspective, emphasizes career preparation focused on leadership and service to others, and fosters a commitment to lifelong learning dedicated to the pursuit of truth and the common good. The College is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The College's revenue and other support are derived principally from tuition and fees, auxiliary activities, and gifts and grants.

Accrual Basis

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

Classification of Net Assets

Net assets of the College are classified as with donor restrictions or without donor restrictions. The restriction placed on the net assets depends on the presence and characteristics of donor-imposed restrictions limiting the College's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Earnings, gains, and losses on restricted net assets are classified as temporarily restricted unless otherwise stipulated by the donor or by law.

Concentration of Credit Risk

The College maintains cash balances at financial institutions that at times are in excess of the insurance limits provided by the Federal Deposit Insurance Corporation. The College evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits. At June 30, 2024, the College's cash accounts exceeded federally insured limits by approximately $2,241,000. The College believes it is not exposed to any significant credit risk on these accounts.

Investments and Investment Return

The College records investments in marketable equity securities with readily determinable market values and debt securities at their fair value based on quoted market prices. Other investments are valued at fair value. Investment return includes dividend and interest income, and realized and unrealized gains and losses on investments carried at fair value, less external investment expenses. The College does not consider uninvested cash held in investment accounts as cash with respect to the statements of cash flows.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction to net assets without donor restrictions. Other investment return is reflected in the statements of activities as without or with donor restrictions based upon the existence and nature of any donor-imposed restrictions.

Private Gifts

Contributions are provided to the College either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the College overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.,* the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets with donor restrictions and then released from restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets with donor restrictions and then released from restrictions.

Student Accounts Receivable

Student accounts receivable are stated at the amount of consideration from students of which the College has the unconditional right to receive. Tuition is generally due at the beginning of the semester unless the student has signed a payment plan. Charges that are past due for one year are assigned to third-party collection agencies and are considered delinquent. Interest is charged on overdue student account receivable balances.

The allowance for credit losses for student receivables is determined by management based on the College's historical losses, specific student circumstances, and general economic conditions adjusted for reasonable and supportable forecasts. Periodically, management reviews accounts receivable and records an allowance for specific students based on current circumstances and charges off the receivable against the allowance when all attempts to collect the receivable have failed.

Other Receivables

Other receivables are stated at the amount of consideration the College has the unconditional right to receive. An allowance for credit losses is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made.

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost, except for donated assets, which are recorded at fair value at the date of the gift. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 50 years with one-half year of depreciation taken in the year of acquisition.

Long-Lived Asset Impairment

The College evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2024 and 2023.

Right-of-Use (ROU) Assets and Lease Liabilities

The College determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU 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, measured on a discounted basis. The College determines lease classification as operating or finance at the lease commencement date.

The College combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings and employee vehicles.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent and lease incentives. The College discounts the payments using the incremental borrowing rate.

The lease term may include options to extend or to terminate the lease that the College is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The College has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Risks and Uncertainties

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

Government Grants

Support funded by grants is recognized as the College meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under grant agreements. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Internal Revenue Service has ruled that the College has been recognized as an organization in Internal Revenue Code (IRC) Section 501(c)(3) and Section 509(a) as a public charity exempt from income taxes under IRC Section 501(a). Accordingly, no provision for federal income taxes has been made in the financial statements.

Use of Estimates

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

Note 2. Pledges Receivable

At June 30, 2024, pledges receivable, net of allowance for credit losses and unamortized discount, consisted of amounts due for capital campaigns, endowed scholarships, and operations of the College, which amounted to $394,627, $69,720, and $546,759, respectively. Pledges receivable, net of allowance for doubtful accounts and unamortized discount for capital campaigns, endowed scholarships, and operations for the College amounted to $755,297, $174,900 and $338,954, respectively, at June 30, 2023. The allowance for uncollectible pledges was approximately $55,300 and $61,000 at June 30, 2024 and 2023, respectively, and is determined based on specific identification of those pledges considered delinquent for a year or more.

Pledges that are expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using discount rates ranging from 3% to 4%, which approximate the College's borrowing rate in the year the pledge was received.

Pledges receivable are expected to be received as follows:

	2024	2023
Less than one year	$ 700,723	$ 994,818
One to five years	469,154	370,000
Total pledges receivable	1,169,877	1,364,818
Less unamortized discount and allowance for uncollectible pledges	158,771	95,667
Total present value of pledges receivable	$ 1,011,106	$ 1,269,151

Pledges from two donors approximated 62% and one donor approximated 34% of total pledges receivable at June 30, 2024 and 2023, respectively.

Note 3. Cash Value of Life Insurance

Several donors have named the College as the owner of insurance policies on their lives. Certain donors have agreed to make all required premium payments thereon. The face value of such policies totaled approximately $225,000 at June 30, 2024 and 2023, while the cash surrender values of such policies totaled approximately $17,000 at June 30, 2024 and 2023.

Note 4. Fair Value Measurements

The College accounts for certain assets at fair value. Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the College's principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date.

This statement establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date

Level 2 Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data

Level 3 Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

		2024		
		Fair Value Measurements Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Common stocks				
Domestic equity	$ 22,823,676	$ 22,823,676	$ -	$ -
International equity	3,011,608	3,011,608	-	-
Corporate bonds	11,061,206	-	11,061,206	-
Money markets, cash, CDs	3,692,863	3,692,863	-	-
Alternative investments (A)	6,585,112	-	-	-
Total investments	$ 47,174,465	$ 29,528,147	$ 11,061,206	$ -
Beneficial interest in trusts	$ 11,272,255	$ -	$ -	$ 11,272,255

		2023		
		Fair Value Measurements Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Common stocks				
Domestic equity	$ 20,972,567	$ 20,972,567	$ -	$ -
International equity	3,107,319	3,107,319	-	-
Corporate bonds	10,504,964	-	10,504,964	-
Money markets, cash, CDs	4,349,580	4,349,580	-	-
Alternative investments (A)	6,896,322	-	-	-
Total investments	$ 45,830,752	$ 28,429,466	$ 10,504,964	$ -
Beneficial interest in trusts	$ 10,589,212	$ -	$ -	$ 10,589,212

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practice expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Below is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. The College has no assets or liabilities measured at fair value on a nonrecurring basis. There have been no significant changes in the valuation techniques during the year ended June 30, 2024.

Investments

Common stocks: Common stocks in domestic equity securities and international holdings that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Mutual funds: The fair values of mutual fund investments in equity securities, fixed-income securities, global holdings, real assets, and international holding securities that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Corporate bonds: Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings (Level 2 inputs).

Money market funds: Fair values reflect the closing price reported in the active market in which the security is traded (Level 1 inputs).

Alternative investments: Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following:

	June 30, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds (A)	$ 6,585,112	$ -	N/A	30 days

	June 30, 2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds (A)	$ 6,896,322	$ -	N/A	30 days

(A) Alternative investments primarily include a multi-strategy hedge fund that pursues multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this class includes investments in limited partnerships, limited liability companies, offshore corporations and other foreign investment vehicles, registered investment companies, and direct investments in marketable securities and derivative instruments. The fair values of the investments in this fund have been estimated using the net asset value per share of the investments. The College has also reviewed the fair value of its investment by utilizing the valuation of the underlying investment entities reflected on the audited financial statements of the fund. There are no unfunded commitments and the investments can be redeemed within 30 days at the College's discretion.

Total investment return is comprised of the following:

	2024	2023
Interest and dividends	$ 1,182,527	$ 1,120,666
Unrealized gains (losses)	2,659,643	3,824,713
Realized gains (losses), net of fees	1,892,880	(729,044)
	$ 5,735,050	$ 4,216,335

Beneficial Interest in Trusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Quantitative Information about Level 3 Fair Value Measurements

	Fair Value at June 30, 2024	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Beneficial interests in perpetual trusts	$ 7,651,110	Present value of distributed income	Market valuation of assets and distributions	N/A
Beneficial interests in remainder trusts	3,621,145	Discounted cash flows	Life expectancy risk-free rate	7-22 years 3-5%
Total	$ 11,272,255			

	Fair Value at June 30, 2023	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Beneficial interests in perpetual trusts	$ 7,065,846	Present value of distributed income	Market valuation of assets and distributions	N/A
Beneficial interests in remainder trusts	3,523,366	Discounted cash flows	Life expectancy risk-free rate	7-22 years 3-5%
Total	$ 10,589,212			

Changes in significant Level 3 assets measured at fair value are as follows:

		Beneficial Interest in Trusts
Balance at July 1, 2022	$	10,222,160
Total unrealized gains		660,294
Total realized gains		52,540
Distributions from beneficial interests		(345,782)
Balance at June 30, 2023		10,589,212
Total unrealized gains		681,349
Total realized gains		314,650
Distributions from beneficial interests		(312,956)
Balance at June 30, 2024	$	11,272,255

The College's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended June 30, 2024 and 2023, there were none.

Note 5. Endowment Composition

The College's endowment primarily consists of funds managed by 22 investment managers. The endowment includes donor-restricted endowment funds. In addition, the endowment also includes perpetual trusts and charitable remainder trusts that are administered by outside parties. As required by applicable standards, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	$ -	$ 38,311,861	$ 38,311,861
Beneficial interest in remainder trust	-	721,010	721,010
Beneficial interest in perpetual trust	-	7,651,110	7,651,110
Total funds	$ -	$ 46,683,981	$ 46,683,981

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted funds	$ -	$ 36,227,917	$ 36,227,917
Beneficial interest in remainder trust	-	668,452	668,452
Beneficial interest in perpetual trust	-	7,065,845	7,065,845
Total funds	$ -	$ 43,962,214	$ 43,962,214

Changes in endowment net assets were as follows for the fiscal year ended June 30, 2024 and 2023:

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Net assets, beginning of year	$ -	$ 43,962,214	$ 43,962,214
Investment return, net	-	4,524,309	4,524,309
Change in value of split-interest agreements	-	637,823	637,823
Contributions	-	287,074	287,074
Appropriation of endowment assets for expenditure	-	(2,727,439)	(2,727,439)
Total funds	$ -	$ 46,683,981	$ 46,683,981

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Net assets, beginning of year	$ -	$ 41,318,389	$ 41,318,389
Investment return, net	-	3,193,298	3,193,298
Change in value of split-interest agreements	-	380,990	380,990
Contributions	-	767,388	767,388
Appropriation of endowment assets for expenditure	-	(1,697,851)	(1,697,851)
Total funds	$ -	$ 43,962,214	$ 43,962,214

Interpretation of UPMIFA: The State of Michigan enacted a version of UPMIFA in September 2009. The College has interpreted the Uniform Prudent Management of Institutional Funds Act (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.

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 remaining portion of the donor-restricted endowment fund is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Purposes of the College and the fund
2. General economic conditions
3. Possible effect of inflation or deflation
4. Expected total return from investment income and appreciation or depreciation of investments
5. Other resources of the College
6. Investment policy of the College
7. Alternatives, if any, to the expenditure from the fund

Return Objectives and Risk Parameters: The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board of trustees, the Committee will monitor the performance of the Endowment on a quarterly basis and evaluate each Investment Managers' contribution toward meeting the investment objectives outlined below.

Primary Benchmark: It is desired that the Endowment earn returns higher than the "market," as represented by a benchmark index or mix of indexes reflective of the Endowment's return objectives and risk tolerance. The Endowment is expected to exceed the average annual return of this benchmark on a risk-adjusted basis over a three- to five-year rolling time period and a full market cycle. The benchmark for the Endowment is to be constructed as follows:

55% MSCI All Country World Total Return Net USD

30% BofAML Global Fixed Income Markets

15% HFRI Fund of Funds Composite Index

Secondary Performance Targets:

1. The Endowment's performance shall be assessed versus a real return performance standard. The real return goal for the Endowment is Inflation +5%. Inflation shall be measured by the U.S. All Urban Consumers Price Index (CPI);
2. The Endowment is expected to outpace the benchmark return and real return target, each measured on a compound average annual return basis after the deduction of investment management fees and annualized over a three- to five-year rolling time period and a full market cycle.

Strategies Employed for Achieving Objectives: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the community and to develop a new and significant source of revenue for the College. In so doing, the Endowment Fund will provide a secure, long-term growth of capital, without undue exposure to risk, while providing a relatively predictable stream of total earnings in line with spending needs. This objective shall be accomplished utilizing a strategy of equities, fixed income, and cash equivalents in a mix that is conducive to participation in rising markets while allowing for protection in falling markets.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The College utilizes a total return method of accounting for investment returns as well as a spending policy. Prior to the beginning of each fiscal year (usually in January), the president of Aquinas College will recommend a distribution rate for up to 5% of the most recent rolling 12-quarter average market value of the investment portfolio for the upcoming fiscal year, to be approved by the investments sub-committee. No distributions will be allowed that reduce the overall market value of the fund below 75% of the dollars contributed to the endowment unless a gift or trust specifies differently.

In those years when total investment return for the fiscal year is less than the prescribed amount, the deficiency will be paid from the Endowment Fund, except that distributions may not be made from actual contributions to the Endowment Fund.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the College is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. At June 30, 2023, funds with original gift values of $710,408, fair values of $661,031, and deficiencies of $49,377, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred after initial investment of restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body. There were no such deficiencies at June 30, 2024.

The College's Investment Committee and the Board of Trustees must approve any deviations from, or changes in, the spending policy.

Note 6. Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at June 30:

	2024	2023
Land	$ 2,483,678	$ 2,483,678
Buildings	84,633,070	84,633,070
Improvements	20,934,667	20,792,035
Equipment	17,445,562	17,186,019
Books and materials	3,598,535	3,598,535
Total cost	129,095,512	128,693,337
Less accumulated depreciation	66,137,086	63,149,077
Net land, buildings, and equipment	$ 62,958,426	$ 65,544,260

Depreciation expense for the years ended June 30, 2024 and 2023, was $3,237,854 and $3,277,013, respectively.

Note 7. Lines of Credit and Term Notes

The College has a term note which previously bore interest at the prime rate less 75 basis points, with a floor of 2.50% (6.20% at June 30, 2023). In January 2024, the note was amended and now bears interest at a fixed rate of 5.13%. The note is due in January 2026. The outstanding balance of this note is $3,619,614 at June 30, 2024 and 2023. The term note is collateralized by all accounts and pledges receivable.

The College has a line of credit agreement with a financial institution to provide working capital in the amount of $5,000,000, which matures in January 2026. Interest relating to this line is charged at the prime rate less 75 basis points, with a floor of 4.00% (7.75% and 6.20% at June 30, 2024 and 2023, respectively).

The line is collateralized by the revenues of the College. The outstanding balance on the line was $4,100,000 and $4,500,000 at June 30, 2024 and 2023, respectively.

In October 2019, the College entered into an interest-free term note payable with a related party in the amount of $2,000,000 for the purpose of additional financing for the Science Building. Principal payments are required quarterly in the amount of $100,000 beginning September 2021 through June 2022, and $150,000 quarterly principal payments beginning September 2022 through June 2024 and $200,000 quarterly principal payments beginning September 2024 through maturity in December 2024. The note is collateralized by certain investments held by the College. The outstanding balance of the note totaled $400,000 and $1,000,000 at June 30, 2024 and 2023, respectively.

In October 2019, the College entered into a term note payable in the amount of $150,000 for the purpose of financing a capital expenditure. Interest relating to this note is charged at 5% annually. Principal and interest payments of $55,081 are required annually beginning July 2021 through July 2023. The outstanding balance of the note totaled $50,000 at June 30, 2023, and was paid in full in July 2023.

Total interest incurred for the years ended June 30, 2024 and 2023, related to the lines of credit and term notes were $298,757 and $227,588, respectively.

Note 8. Beneficial Interests and Obligations Under Split-Interest Agreements

The College is party to split-interest agreements with certain donors. Under each agreement, the donor has contributed funds to be held in trust with the College as the beneficiary. As of June 30, 2024 and 2023, the total amount of assets held in trust by the College under these agreements was $54,058 and $47,681, respectively. As a condition of accepting the gift, the College is required to pay a specified amount each year to the donor or a designated beneficiary until his or her death. Upon death of the donor or designated beneficiary, the remaining funds become the property of the College.

Obligations under split-interest agreements represent the present value of future payments required to beneficiaries under the agreements. The present value is computed based on the normal life expectancy of the donor or designated beneficiaries using discount rates ranging from 4% to 9%, which approximate the College's borrowing rate in the year in which the agreement was entered. The College did not receive any gifts under these agreements for the years ended June 30, 2024 and 2023.

The College is also named as the beneficiary on certain charitable remainder trusts and perpetual trusts. The assets of the charitable remainder trusts are held with third-party trustees and upon death of the donor, the receivable amounts will be collected by the College. The receivable amounts under these agreements represent the present value of the gross receivable amount and amounted to $3,621,145 and $3,523,366 as of June 30, 2024 and 2023, respectively. The assets of the perpetual trusts are held with third-party trustees and the College is designated as a beneficiary to receive distributions from the earnings of the trusts at least annually. The monies received from these irrevocable trusts are treated as restricted income. Income distributions, restricted for scholarships and the sciences, received from these trusts totaled $312,956 and $345,782 for the years ended June 30, 2024 and 2023, respectively. The beneficial interest amounts under these agreements represent the College's designated value of the underlying investments in the trust, which amounted to $7,651,110 and $7,065,846 as of June 30, 2024 and 2023, respectively. The College did not receive any gifts under these agreements for the years ended June 30, 2024 and 2023.

The College is also named as a beneficiary to a revocable gift agreement with a third-party foundation, where the College receives annual distributions from the foundation. The fair market value of the funds held by the third-party foundation is approximately $634,000 and $566,000 as of June 30, 2024 and 2023, respectively. Since the agreement is revocable in nature, the College recognizes the distributions as gift income during the year received. The income received from the trust contains donor-imposed restrictions and, accordingly, has been reported on the statements of activities as restricted income and amounted to $26,650 and $27,595 for the years ended June 30, 2024 and 2023, respectively.

Note 9. Bonds Payable

Following is a summary of outstanding bonds at June 30:

	2024	2023
2021 Series Michigan Finance Authority Limited Obligation Higher Education Facilities Revenue and Refunding Revenue Bonds. Annual principal payments beginning May 1, 2027, ranging from $845,000 to $2,040,000 due May 1, 2046. Interest ranging from 4% to 5% (4% at June 30, 2024 and 2023).	$ 26,800,000	$ 26,800,000
Plus unamortized premium	1,996,244	2,086,982
Less unamortized bond issuance costs	(439,228)	(459,193)
Total	$ 28,357,016	$ 28,427,789

Interest expense for the bonds was approximately $1,294,000 for the years ended June 30, 2024 and 2023.

Bond principal payments are as follows for the years after June 30, 2024:

2025	$ -
2026	-
2027	845,000
2028	880,000
2029	915,000
2030 and after	24,160,000
Total	$ 26,800,000

The College has certain debt covenants that need to be met annually. Management is not aware of any violations of these covenants as of June 30, 2024.

Note 10. Leases

Nature of Leases

The College has entered into the following lease arrangements:

Finance Leases

These leases mainly consist of equipment. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Operating Leases

The College has no material operating leases.

All Leases

The College has no material related-party leases.

The College's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended June 30, 2024 and 2023, is:

	2024	2023
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	$ 137,558	$ 202,645
Interest on lease liabilities	25,720	14,716
Total lease cost	$ 163,278	$ 217,361

Future minimum lease payments and reconciliation to the statement of financial position at June 30, 2024, are as follows:

	Finance Leases
2025	$ 205,336
2026	205,336
2027	153,442
2028	101,548
2029	74,368
Total future undiscounted lease payments	740,030
Less interest	(100,831)
Lease liabilities	$ 639,199

ROU assets totaled $631,899 and $349,634 at June 30, 2024 and 2023, respectively, and are included within land, buildings and equipment on the statement of financial position. At June 30, 2024 and 2023, the weighted-average remaining lease term is 2.3 years and 3.3 years, respectively, and the weighted-average discount rate is 7.6% and 6.6%, respectively.

Note 11. Post-retirement Benefits

The College provides certain healthcare benefits for eligible retired employees. The liability for these benefits is unfunded. The change in the accumulated post-retirement benefit costs for the years ended June 30, 2024 and 2023, is as follows:

	2024	2023
Accumulated post-retirement benefit costs at July 1	$ 381,613	$ 419,362
Unrecognized gain from past experience different from that assumed	(88,928)	(15,042)
Benefits paid	(22,707)	(22,707)
Accumulated post-retirement benefit costs at June 30	$ 269,978	$ 381,613

The accumulated post-retirement benefit cost includes the following categories:

	2024	2023
Retirees	$ 47,493	$ 81,918
Active employees	222,485	299,695
Total	$ 269,978	$ 381,613

There is no medical trend rate assumption as the College has limited its benefit payment under the plan to $1,740 annually to each eligible retiree. Additionally, this benefit plan is no longer offered to new employees. There were 85 and 86 plan participants including 10 and 13 current employees who have been grandfathered into the plan as of June 30, 2024 and 2023, respectively.

Due to the trend of more retirees opting out, the liability calculation does not reflect the impact of Medicare reform. A discount rate of 5.26% and 4.88% was used in determining the accumulated post-retirement benefit cost at June 30, 2024 and 2023, respectively. For measurement purposes, rates in the per capita cost of covered healthcare benefits are assumed to remain constant for future years.

Future expected benefit payments for the next five years are as follows:

2025	$ 16,443
2026	19,818
2027	20,932
2028	21,192
2029	21,126
Years 2030-2034	100,178

Note 12. Defined Contribution Plan

The College participates in a single-employer defined contribution retirement plan. Substantially all full-time employees of the College participate in the plan. The College at its discretion can contribute 1% with up to an additional 2% match of eligible employee wages. Contributions for the years ended June 30, 2024 and 2023, totaled approximately $2,000 and $315,000, respectively.

Note 13. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2024	2023
Cash	$ 103,764	$ 328,274
Accounts receivable, net of allowance	1,955,120	2,694,691
Cash value of life insurance	17,042	17,042
Investments	1,110,910	310,207
Total	$ 3,186,836	$ 3,350,214

The College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The College has various sources of liquidity at its disposal, including cash, receivables, cash value of life insurance, and investments. The College maintains a $5,000,000 line of credit which is available to the College for various operating and liquidity needs. In addition to financial assets available to meet general expenditure within one year, the College operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditure not covered by donor-restricted resources.

Note 14. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	2024	2023
Subject to expenditure for specified purpose		
Capital projects	$ 66,906	$ 67,949
Student and operational support	2,894,066	2,590,578
Scholarships and other academic support	7,472,431	9,471,232
	10,433,403	12,129,759
Endowments		
Subject to endowment spending policy or appropriation		
Scholarships and other academic support	9,812,758	7,955,512
Donor-restricted permanent endowment funds	36,871,223	36,006,702
Total endowments	46,683,981	43,962,214
Total net assets with donor restrictions	$ 57,117,384	$ 56,091,973

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2024	2023
Scholarships, and student and operational support	$ 7,128,966	$ 980,034
Capital projects	64,674	2,601,578
	$ 7,193,640	$ 3,581,612

Note 15. Revenue From Contracts With Students and Customers

Tuition, Residential Services, and Meal Plan Services Revenue

Revenue from contracts with students for tuition, residential services, and meal plan services is reported at the amount that reflects the consideration to which the College expects to be entitled in exchange for providing instruction and housing, food, and other services. These amounts are due from students, third-party payers, and others and are net of scholarships and institutional aid of $26,051,600 and $24,453,719 for the years ended June 30, 2024 and 2023, respectively.

Revenue is recognized as performance obligations are satisfied, which is primarily ratably over the academic term with the exception of certain meal plans that are recognized at a point in time. Generally, the College bills students prior to the beginning of the semester and student accounts receivable are due in full before classes begin unless the student has entered into a monthly payment plan.

If a student withdraws during the academic term, the student is refunded based on a defined refund schedule and what week the student is in the academic term. No refunds are awarded after the end of the fourth week of the academic term. At year-end, there is no refund liability as the academic term is substantially complete.

Tuition, residential services, and meal plan services revenue are considered to be separate contracts with separate performance obligations.

Transaction Price and Recognition

The College determines the transaction price based on standard charges for goods and services provided, reduced by certain scholarships and institutional aid in accordance with the College's policies for granting certain merit-based aid. The College determines its estimates of explicit price concessions based on its discount policies.

From time to time the College will incur student credit balances and student deposits which represent the excess of tuition and fees and other student payments received as compared to amounts recognized as revenue. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2024 and 2023, the College has a liability for refunds or deposits from students recorded of approximately $315,321 and $311,720, respectively.

The College has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payers (for example, students, governmental programs, and others) that have different reimbursement and payment methodologies

- Demographic and enrollment trends
- Institutional aid and federal and state aid programs

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Because all of its performance obligations relate to contracts with a duration of less than one year, the College has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to providing instruction to students. The performance obligations for these contracts are generally completed when the academic term is completed.

The College expects to recognize revenue of $127,318 of tuition revenue in fiscal 2025 when the summer 2024 academic term is completed.

Disaggregation of Revenue

The composition of net student fees revenue by segment for the years ended June 30, 2024 and 2023, are as follows:

	2024	2023
Net tuition and fees	$ 15,451,450	$ 15,885,275
Room	4,236,961	3,859,543
Board	2,662,602	2,489,257
Other auxiliary	220,917	182,018
	$ 22,571,930	$ 22,416,093

The composition of revenue based on timing of revenue recognition for the years ended June 30, 2024 and 2023, are as follows:

	2024	2023
Services transferred over time	$ 19,688,411	$ 19,744,818
Sales at point in time	2,883,519	2,671,275
	$ 22,571,930	$ 22,416,093

Contract Balances

The following table provides information about the College's contract assets and contract liabilities:

	2024	2023
Accounts receivable, beginning of the year	$ 626,362	$ 685,654
Accounts receivable, end of the year	691,591	626,362
Deferred revenue, beginning of the year	$ 172,969	$ 210,746
Deferred revenue, end of the year	127,318	172,969

Note 16. U.S. Department of Education Financial Responsibility Ratio Information

The following information is required by the U.S. Department of Education for the year ended June 30, 2024:

	2024
Property, plant, and equipment, net of accumulated depreciation pre-implementation	$ 35,963,009
Property, plant, and equipment, net of accumulated depreciation post-implementation with outstanding debt for purchase	24,573,914
Property, plant, and equipment, net of accumulated depreciation post-implementation without outstanding debt for purchase	2,421,503
Long-term debt obtained for long-term purposes - pre-implementation	25,168,214
Long-term debt obtained for long-term purposes - post-implementation for capital acquisition	3,520,100
Long-term debt obtained for long-term purposes - post-implementation not for capital acquisition	4,309,020

Note 17. Subsequent Events

Subsequent events have been evaluated through December 19, 2024, which is the date the financial statements were available to be issued.

Aquinas College
Continuing Disclosure
Michigan Finance Authority Limited Obligation
Higher Education Facilities Revenue and Refunding Revenue Bonds
Series 2021
Annual Financial Information June 30, 2024

Enrollment

Below is a summary of the College's headcount enrollment for each of the last five academic years:

	Fall 2020	Fall 2021	Fall 2022	Fall 2023	Fall 2024
Undergraduate Students (headcount)					
Full time	1,094	1,035	1,021	1,031	958
Part time / Dual Enrollment	150	109	81	39	24
Continuing Education	128	96	67	43	37
Sub-Total	1,372	1,240	1,169	1,113	1,019
UDM/Nursing	147	141	118	96	91
Graduate Students (headcount)	145	124	96	86	69
Total	1,664	1,505	1,383	1,295	1,179

The following table sets forth the fulltime equivalent enrollment figures based upon Fall term registration for each of the last five academic years:

Academic Year	Total Enrollment (Headcount)	Total Enrollment (FTE) without UDM Nursing	Total Enrollment (FTE) with UDM Nursing
2020-21	1,664	1,292	1,439
2021-22	1,505	1,199	1,336
2022-23	1,383	1,145	1,261
2023-24	1,295	1,117	1,209
2024-25	1,179	1,055	1,143

Demand Statistics

The following table represents the overall results of the first-year application process for each of the last five academic years:

Academic Year	Fall Cohort	Applicants	Admits	Matriculants	Selectivity	Yield
2020-21	2020	1853	1314	280	71%	21%
2021-22	2021	1835	1275	218	69%	17%
2022-23	2022	2644	1940	310	73%	16%
2023-24	2023	2292	1628	298	71%	18%
2024-25	2024	2947	1972	234	67%	12%

Tuition and Fees

The College meets the cost of educational programs primarily through tuition and fees, and income from the endowment. The College sets tuition and fees at levels which are designed to meet the cost of instruction while providing quality education at a price which is competitive with institutions with which the College believes it competes for students. The following table lists the tuition and fees charged to a full-time student for each of the last five academic years:

Academic Year	Tuition & Fees	% Inc	Room	Board	Total	% Inc
2020-21	35,786	3.9%	4,630	5,246	45,662	3.7%
2021-22	36,084	0.8%	4,764	5,500	46,348	1.5%
2022-23	37,280	3.3%	4,906	5,666	47,852	3.2%
2023-24	38,520	3.3%	5,102	5,892	49,514	3.5%
2024-25	40,218	4.4%	5,420	6,260	51,898	4.8%

Financial Aid

Approximately 75 percent of the College's non-foreign students currently receive need-based financial aid, and 99 percent of all the College's degree-seeking students receive some form of need-based or merit-based aid from the College or a governmental entity. The following table reflects the various financial aid sources made available to the students of the College for each of the last five fiscal years. Amounts awarded under the College's tuition remission and exchange programs are included within College Aid in the table below; however these same amounts are shown as fringe benefits expense in the College's financial statements:

Fiscal Year Ended June 30	Federal Grant Aid	Federal Loans	State of Michigan	College	Total
2020	2,841,270	5,886,506	1,637,265	24,042,108	34,407,149
2021	2,645,998	4,893,970	1,363,998	24,343,984	33,247,950
2022	3,398,294	4,452,330	1,229,471	24,020,212	33,100,307
2023	1,564,687	4,530,713	1,329,947	24,827,812	32,253,159
2024	1,690,901	4,893,379	2,063,036	26,319,308	34,966,624

Endowment Funds

The table below lists the endowment net asset balances for donor restricted and Board designated funds for each of the last five fiscal years:

Fiscal Year Ended June 30	Donor Restricted	Board Designated	Total Endowment Net Asset Value
2020	38,432,321	-	38,432,321
2021	48,084,905	-	48,084,905
2022	41,318,389	-	41,318,389
2023	43,962,214	-	43,962,214
2024	46,683,981	-	46,683,981

Historical Debt Service Coverage Ratio

In connection with the Series 2021 Bonds, the College is required to maintain compliance with certain financial covenants, including maintaining ratios relating to Debt Service Coverage. Calculations of covenant compliance for fiscal years 2021 through 2024 are set forth in the following table:

Debt Service Coverage Ratio	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**
Net Revenues Available for Debt Service				
Revenues:				
Net Tuition	$ 17,290	$ 16,659	$ 15,659	$ 16,602
Auxiliary activities	6,634	6,813	7,881	8,367
Fundraising and grants	5,792	3,195	1,206	1,499
Endowment earnings and Other	3,585	5,307	1,639	4,031
Total Revenues	33,301	31,974	26,385	30,499
Total Expenses	34,027	34,787	35,026	32,884
Unrestricted Revenues less Expenses	**$ (726)**	**$ (2,813)**	**$ (8,641)**	**$ (2,385)**
plus depreciation	3,800	3,691	3,277	3,218
plus interest expense	1,206	1,308	1,505	1,579
less interest paid from capital interest fund	-	(268)	(324)	(324)
less unrestricted investment return, net	(366)	155	(178)	-
less fair value adj on swap	(448)	-	-	-
Total Net Revenues Available for Debt Service	**$ 3,466**	**$ 2,073**	**$ (4,361)**	**$ 2,088**
Debt Service:				
Principal payments	$ 1,135	$ 669	$ 854	$ 787
Interest expense	1,206	1,308	1,505	1,579
Less interest paid from capital interest fund	-	(268)	(324)	(324)
Total Debt Service	**$ 2,341**	**$ 1,709**	**$ 2,035**	**$ 2,042**
Historical Debt Service Coverage Ratio	1.48	1.21	(2.14)	1.02

Cash and Investments to Long Term Debt Ratio

In connection with the Series 2021 Bonds, the College is required to maintain compliance with certain financial covenants, including maintaining ratios relating to Cash and Investments to Long Term Debt. Calculations of covenant compliance for fiscal years 2021 through 2024 are set forth in the following table:

Cash and Investments to Long Term Debt Ratio	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**
Cash and restricted Cash	$ 2,392	$ 5,270	$ 2,895	$ 2,594
Investments held for long-term purposes	49,007	43,050	45,831	47,174
Total Cash and Investments	$ 51,399	$ 48,320	$ 48,726	$ 49,768
Bonds and Notes payable	$ 15,199	$ 28,499	$ 28,428	$ 28,357
Cash and Investments to Long Term Debt Ratio	3.38	1.70	1.71	1.76