

## RHODES COLLEGE CONTINUING DISCLOSURE

**Student Enrollment** - The following table indicates fall semester student enrollments during the past four academic years and the current academic year.

Academic Year	Full-Time Equivalent Enrollment	Number of Degrees Awarded
2020-21	1,840	463
2021-22	2,012	479
2022-23	1,940	489
2023-24	1,869	429
2024-25	1,781	N/A

The College receives freshmen applications substantially in excess of the number of students it can accept. The following table shows the number of freshmen applications for admission, the number accepted, the number actually matriculating and the number of full-time transfers into other undergraduate classes for the fall semester of the past four academic years and the current academic year.

Academic Year	Freshmen Applications Received	Freshmen Applications Accepted	Percentage Accepted	Freshmen Enrolled	Percentage Matriculating	Transfers Into Other Classes
2020-21	5,074	2,606	51%	442	17%	9
2021-22	6,310	3,027	48%	592	20%	5
2022-23	5,932	2,834	48%	478	17%	5
2023-24	6,143	2,933	48%	483	16%	10
2024-25	6,365	3,205	50%	389	12%	8

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The following table presents a profile of the first-year class for the past four academic years and the current academic year.

	2020-21	2021-22	2022-23	2023-24	2024-25
Percentage of enrolled students in top 20% of high school class	73%	81%	75%	75%	74%
Median combined SAT scores	1310	1400*	1370*	1370*	1370*
Median combined ACT scores	30	31*	30*	30*	30*
Geographic distribution:					
Within State of Tennessee	24%	27%	32%	36%	33%
Out of State	76%	73%	68%	64%	67%

\*Rhodes became test optional in 2021-22; it had previously required a test score as part of the admission process.

The following table indicates first-year to second-year undergraduate retention rates during the past four academic years and the current academic year.

Fall Cohort Year Entered	Fall Semester Second Year	First to Second Year Retention
2019	2020	92%
2020	2021	95%
2021	2022	92%
2022	2023	93%
2023	2024	92%

The following table indicates four-year and six-year graduation rates for the fall 2016 to 2020 cohorts.

Fall Cohort Year Entered	Class Year	Four-Year Graduation Rate	Six-Year Graduation Rate
2016	2020	81%	88%
2017	2021	79%	82%
2018	2022	76%	84%
2019	2023	76%	N/A
2020	2024	83%	N/A

**Student Housing** - The College is a predominantly residential college. The following table indicates the number and percentage of students residing on campus in the fall semester during the past four academic years and the current academic year. For years 2020-21 through 2022-23, the College had 17 residence halls with a design capacity of 1,488 residents. For 2023-24 and 2024-25, the College had 18 residence halls with a capacity of 1,613 residents.

Academic Year	Number of Students Living on Campus	Occupancy Percentage	% of Students Living on Campus
2020-21	35*	2%	2%
2021-22	1,305	88%	65%
2022-23	1,449	97%	75%
2023-24	1,435	89%	77%
2024-25	1,283	80%	72%

\*Because of the COVID-19 pandemic, the College did not permit students to live on campus for fall 2020 except for those students with special circumstances. The College returned to campus on a limited basis for spring 2021. Occupancy for spring 2021 was 711 students.

Students were required to live on campus for the first two years of their tenure at the College for the period 2020-21 to 2021-22. The College's Board of Trustees has approved a shift from a two-year residency requirement to a three-year residency requirement effective for the class that entered in fall 2020. In order to accommodate the new three-year residency requirement, the College constructed a new residence hall, East Village-C, which came online in fall 2023.

**Tuition and Fees** - The following table sets forth the tuition, room (multiple occupancy) and board (average of 15 meals per week plan and the unlimited, all-access plan) charges and fees for the past five academic years and the current academic year.

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Tuition	\$48,888	\$47,541*	\$50,600	\$52,000	\$54,082	\$56,300
Room & Board	11,311	11,597	11,713	12,068	12,671	13,368
Fees	310	235	310	310	810	810
Total	\$60,509	\$59,373	\$62,623	\$64,378	\$67,563	\$70,478

\*The College lowered its tuition rate by 9% for fall 2020 because of the shift to only remote instruction pursuant to COVID-19. For spring 2021, Rhodes charged the same tuition rate as it did for spring 2020.

**Competing Institutions-** The College periodically surveys its accepted students to determine acceptance and enrollment with other institutions. The 10 institutions listed below share the greatest number of common applications from accepted students for the class enrolling in fall 2024. The institutions are listed with comparable tuition, room, board and fees in order of most to fewest common applications. As shown in the previous table, the College's tuition, room, board and fees for the 2024-25 academic year totaled \$70,478.

<u>Tuition, Room, Board &amp; Fees</u>		<u>Tuition, Room, Board &amp; Fees</u>	
<u>Institution</u>	<u>2024-25</u>	<u>Institution</u>	<u>2024-25</u>
1. University of Memphis <sup>(1)</sup>	\$20,724	6. Tulane University	\$89,048
2. University of Tennessee <sup>(1)</sup>	\$26,768	7. George Washington University	\$84,320
3. Sewanee: University of the South	\$72,148	8. Vanderbilt University	\$87,022
4. Furman University	\$74,839	9. Louisiana State University <sup>(1)</sup>	\$26,133
5. Davidson College	\$81,235	10. University of Richmond	\$82,000

(1) In-state rates; rates for out of state students are approximately:

University of Memphis \$29,884

University of Tennessee \$46,202

Louisiana State University \$42,810

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**Student Financial Aid** - The following table reflects the extent to which students have been provided financial assistance in the form of scholarships, grants and loans for the past five fiscal years.

	2019-20	2020-21	2021-22	2022-23	2023-24
Sources of Aid:					
Federal Government:					
Supplemental Educational Opportunity Grants (SEOG)	\$199,999	\$196,545	\$201,822	\$198,269	\$201,160
Pell Grants	1,357,418	1,484,615	1,449,792	1,595,459	1,751,400
Campus Work Study Program	247,055	262,376	282,756	288,436	322,785
State of Tennessee:					
Student Assistance Awards	1,934,264	2,801,131	2,785,663	2,723,575	2,984,487
Rhodes College:					
Institutional financial aid	55,594,002	54,951,539	63,073,309	63,346,368	65,078,931
Campus Employment (excluding federally funded campus work study)	1,160,569	1,025,552	1,088,595	1,112,269	1,080,073
Total Aid	60,493,307	60,721,758	68,881,937	69,264,376	71,418,836
Loans:					
William D. Ford Direct Student Loans	4,015,206	3,284,332	3,432,225	3,402,797	3,080,610
William D. Ford Direct PLUS Loans	2,857,964	1,849,983	2,096,784	2,437,918	2,203,319
Total Aid and Loans	\$67,366,477	\$65,856,073	\$74,410,946	\$75,105,091	\$76,702,765

Including all scholarship winners, 98% of all the College's students received financial assistance of some kind during the year ended June 30, 2024. The College allocates approximately 42% of its total current operating budget (gross) for financial assistance which allows it to compete effectively for student enrollment.

**Summary of Financial Operations** - The College's annual budget is based on estimates of revenues, including tuition and fees, endowment income, gifts, grants and miscellaneous other income, and estimated expenditures for the academic, co-curricular, and administrative sectors of the College. Under the College's spending rate policy, the amount of endowment fund investments appropriated to support current operations is increased by 4% from the previous year provided that the resulting amount does not exceed 5.3% of the average fair value of endowment assets for the three prior fiscal years and is not less than 4.3% of the average fair value of endowment assets for the three prior fiscal years. For the year ended June 30, 2024, the College's Board of Trustees authorized management to appropriate a supplemental endowment allocation of 0.5% of the average fair value of endowment assets for the three prior fiscal years to support operations.

The Board of Trustees adopted a new spending rate policy for future years. Beginning July 1, 2024 and continuing for a period not to exceed five years, the amount of endowment fund investments appropriated to support current operations is six percent of the average fair value of endowment assets at the end for the three prior fiscal years.

The initial income projection and the overall salary and non-salary expenditure projections are prepared by the Office of the Vice President for Finance and Business Affairs in consultation with the various Vice-Presidents over the course of the fall semester each year. Long range budget projections and scenario planning inform basic budget parameters consistent with the College's goals and strategic plan. A first draft of the budget is presented to the Board for approval in January along with current budget and enrollment information. This draft is refined and modified during the spring semester to reflect expected fall enrollment and other factors. The final budget is presented to the full Board of Trustees for approval in April. Historically, the Trustees have accepted only a balanced budget.

## Selected Financial Information

The following tables present certain financial information for the College for the past five fiscal years. The data has been extracted from the audited financial statements for the respective years.

### Condensed Statements of Financial Position

#### Rhodes College

As of the Years Ended June 30

	2020	2021	2022	2023	2024
<b>Assets</b>					
Cash and cash equivalents	\$32,545,066	\$20,798,699	\$16,116,890	\$9,955,868	\$4,140,190
Contributions receivable, net	6,194,510	6,679,794	3,715,855	4,346,572	4,270,726
Investments	311,394,677	420,494,308	375,994,841	373,658,110	395,859,471
Assets held in charitable remainder trusts	8,354,715	10,517,222	8,781,879	9,572,197	9,836,142
Assets held in trust by others	59,730,210	68,771,978	60,013,300	61,505,431	65,230,768
Other assets and receivables	3,488,722	3,758,889	3,219,853	3,267,912	3,615,899
Property and equipment, net	161,445,349	156,989,643	171,828,411	178,720,018	173,585,626
Total assets	<u>\$583,153,249</u>	<u>\$688,010,533</u>	<u>\$639,671,029</u>	<u>\$641,026,108</u>	<u>\$656,538,822</u>
<b>Liabilities and net assets</b>					
Liabilities:					
Accounts payable and accrued expenses	\$11,293,417	\$12,532,438	\$14,993,901	\$12,628,900	\$13,037,707
Due to annuitants	4,552,790	4,651,151	4,683,370	4,261,934	4,804,127
Other liabilities	3,088,271	1,899,709	1,750,817	1,115,143	429,359
Accrued postretirement benefits	17,993,000	17,572,000	13,966,000	13,914,000	16,033,000
Long-term debt	65,211,652	85,645,151	83,269,985	80,483,168	74,539,744
Total liabilities	<u>102,139,130</u>	<u>122,300,449</u>	<u>118,664,073</u>	<u>112,403,145</u>	<u>108,843,937</u>
Net assets:					
Without donor restrictions	200,107,875	215,306,839	202,653,415	197,026,470	190,562,447
With donor restrictions	280,906,244	350,403,245	318,353,541	331,596,493	357,132,438
Total net assets	<u>481,014,119</u>	<u>565,710,084</u>	<u>521,006,956</u>	<u>528,622,963</u>	<u>547,694,885</u>
Total liabilities and net assets	<u>\$583,153,249</u>	<u>\$688,010,533</u>	<u>\$639,671,029</u>	<u>\$641,026,108</u>	<u>\$656,538,822</u>

**Condensed Statements of Activities**  
**Rhodes College**  
**As of the Years Ended June 30**

	2020	2021	2022	2023	2024
<b>Revenue from operations:</b>					
Tuition and fees	\$96,049,312	\$89,058,495	\$102,070,465	\$102,074,658	\$105,154,966
Less student financial aid	(57,151,419)	(56,632,699)	(64,724,923)	(65,140,046)	(67,031,491)
Net tuition and fees	38,897,893	32,425,796	37,345,542	36,934,612	38,123,475
Gifts and grants for operating activities	7,071,371	10,195,127	7,185,330	8,936,635	8,501,855
Endowment income and gains distributed	17,203,801	18,188,179	17,280,823	17,666,590	19,658,486
Income from auxiliary enterprises	12,755,927	4,892,415	16,350,627	18,625,782	20,146,115
Investment return on short and intermediate term investments & other income	3,170,671	2,633,585	2,711,227	3,592,621	4,501,788
<b>Total revenue from operations</b>	79,099,663	68,335,102	80,873,549	85,756,240	90,931,719
<b>Operating expenses</b>	83,223,571	75,494,533	89,678,066	92,626,867	98,723,168
<b>Change in net assets from operating activities</b>	(4,123,908)	(7,159,431)	(8,804,517)	(6,870,628)	(7,791,449)
Nonoperating:					
Gifts and grants	2,982,556	5,189,133	5,496,147	3,752,316	2,181,044
Endowment income and gains distributed	(17,203,801)	(18,188,179)	(17,280,823)	(17,666,590)	(19,658,486)
Investment return	4,588,704	109,670,417	(24,394,066)	28,448,891	47,075,395
Other, net	(7,064,737)	(4,815,975)	280,131	(47,983)	(2,734,582)
Change in net assets from nonoperating activities	(16,697,278)	91,855,396	(35,898,611)	14,486,634	26,863,371
Change in net assets	(20,821,186)	84,695,965	(44,703,128)	7,616,007	19,071,922
Net assets at beginning of year	501,835,305	481,014,119	565,710,084	521,006,956	528,622,963
Net assets at end of year	\$481,014,119	\$565,710,084	\$521,006,956	\$528,622,963	\$547,694,885

## Management Discussion and Analysis

**Statements of Financial Position** – The College’s net assets increased by approximately \$67 million during the period 2020-2024, largely attributable to endowment investment appreciation. The College’s liquidity remains strong. At June 30, 2024, Rhodes had approximately \$25 million of cash and short-term investments available for working capital needs. Contributions receivable declined during the period as a result of donors remitting payments on outstanding commitments made during the College’s capital campaign that ended December 31, 2014.

In April 2021, the College issued its Educational Facilities Revenue Bonds, Series 2021, to finance the construction of a new residence hall, East Village C, which came online for the fall 2023 semester.

**Statements of Activities** – Enrollments ranged from 2,012 full-time equivalent (FTE) students in 2022 to 1,840 FTE students in 2021. In 2024, enrollment was 1,869 FTE students. Net tuition revenue per student ranged from \$20,398 per student in 2024 to \$17,623 per student in 2021. Intense competition for students, a stagnant number of total high school graduates nationwide, and increasing levels of financial need among entering students have collectively resulted in significant pressure on the College's enrollment and net tuition per student. Because of COVID, instruction in fall 2020 was offered exclusively in remote mode and students were not be able to return to campus with the exception of 35 international students who were unable to return to their home country. In recognition of the fact that a remote semester cannot replicate the full on-campus experience, the College lowered the tuition rate by 9% for the fall semester to the tuition amount that was in place in the fall of 2017 when rising seniors matriculated at the College.

Residential occupancy has ranged from 1,449 students in 2023 to 35 students in 2021. Residential occupancy for 2024 was 1,435 students. Students were required to live on campus for the first two years of their tenure at the College for the period 2020 - 2022. The College's Board of Trustees has approved a shift from a two-year residency requirement to a three-year residency requirement effective for the class that entered in fall 2020, which took effect in fall 2022.

In March 2020, with the rise of the COVID pandemic, the College was forced to send students home and complete the academic year through remote instruction. As a result, the College issued room and board credits totaling \$3.2 million to residential students who were required to vacate campus. As noted above, only 35 students resided on campus in fall 2020. Housing occupancy was 711 students on campus for spring 2021, slightly less than 50% of the College's residential capacity as the College intentionally limited density in its residence halls.

Inflationary pressure, particularly on food service, energy costs, and wages, resulted in increased operating expenses in 2022, 2023, and 2024. Additionally, depreciation increased by \$1.2 million for 2024 as a new residence hall, East Village C, and the College's new ERP system, Workday, were placed in service.

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**2023-24 Operating Budget results** – The table below reflects the College’s cash basis operating budget results for fiscal 2023-24. The College’s net tuition revenue was approximately \$2.1 million better than budgeted, largely the result of better than budgeted enrollment. Additionally, the College budgeted conservatively in its tuition and financial aid budgets. Inflationary pressures, particularly related to food service, energy, and wages, caused expenses to be greater than budgeted expenses.

**Operating budget - budget to actual**  
**Rhodes College**  
**Year ended June 30, 2024**

	Actual	Annual budget	Actual as % of annual budget
Income:			
Tuition & fees	\$103,756,761	100,582,417	103.16%
Less: Student financial aid	(62,594,646)	(61,554,322)	101.69%
Net tuition & fees	41,162,115	39,028,095	105.47%
Allocation from Endowment	19,658,486	19,658,486	100.00%
Annual support program	2,423,543	2,600,000	93.21%
Auxiliary enterprises	20,146,115	20,334,603	99.07%
Other income	781,935	706,000	110.76%
<b>Total income</b>	<b>84,172,194</b>	<b>82,327,184</b>	<b>102.24%</b>
<b>Total expenses</b>	<b>83,495,682</b>	<b>82,327,184</b>	<b>101.42%</b>
<b>Net from operations</b>	<b>\$676,512</b>	<b>\$0</b>	

**Budgeting and Capital Expenditures** - For fiscal year 2025, the total operating budget is \$83 million, net of financial aid, includes \$1.8 million for renovations and capital expenditures, and full debt service is included as an operating budget expense.

The operating budget revenues are provided by a variety of sources. For the fiscal year 2025, the College estimates that revenues will be derived as follows: net tuition and fees (46%); endowment income and distributions (26%); annual fund gifts (3%); auxiliary enterprises (23%); and all other sources (2%). The College has balanced its budget for the past 51 consecutive years. Operating budget surpluses are transferred to other uses such as board-designated endowment, reserves and maintenance with respect to the physical plant, or capital projects funding.

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**Resources and Debt** - The College's operations depend largely on revenue generated from student charges. Revenue from net tuition, room, and board represents about 70% of the College's operating budget revenues. As a result of this dependence on tuition, the College must employ conservative financial management practices. A significant element of the College's strategy is managing its debt level relative to expendable resources. The College's moderate debt burden provides operating flexibility. The College's Viability Ratio, defined as expendable resources divided by debt, for the past five fiscal years is shown below. Expendable resources includes all net assets except net plant assets and net assets required by donors to be held in perpetuity.

2024	3.07
2023	2.70
2022	2.67
2021	3.23
2020	2.77

The College has outstanding four bond issues issued by The Health, Educational and Housing Facilities Board of the County of Shelby, Tennessee –

- (i) Educational Facilities Revenue Bonds (Rhodes College), Series 2021, which have a final maturity of August 1, 2051 and bear interest at rates ranging from 2.00% to 5.00%. The 2021 Bonds are not secured by any assets of the College. As of June 30, 2024, the principal outstanding balance of the 2021 Bonds was \$18,210,000, plus unamortized bond premium of \$3,201,220, and
- (ii) the Educational Facilities Revenue Refunding Bonds (Rhodes College), Series 2017, which have a final maturity of August 1, 2040 and bear interest at rates ranging from 3.00% to 5.00%. The 2017 Bonds are not secured by any assets of the College. As of June 30, 2024, the principal outstanding balance of the 2017 Bonds was \$30,600,000, plus unamortized bond premium of \$2,043,567, and
- (iii) the Educational Facilities Revenue Bonds (Rhodes College), Series 2015, which have a final maturity of August 1, 2045 and bear interest at rates ranging from 3.00% to 5.00%. The 2015 Bonds are not secured by any assets of the College. As of June 30, 2024, the principal outstanding balance of the 2015 Bonds was \$17,885,000, plus unamortized bond premium of \$1,120,144, and
- (iv) the Educational Facilities Revenue Bonds (Rhodes College), Series 2000, which have a final maturity in August 1, 2025 and bear interest at a variable rate determined weekly by a remarketing agent. As of June 30, 2024, the principal outstanding balance of the 2000 Bonds was \$2,230,000. The 2000 Bonds are not secured by any assets of the College. Bondholders of the 2000 Bonds have the right to tender their 2000 Bonds for purchase on any business day upon seven days prior notice. Funds for the purchase of 2000 Bonds that have been tendered will be provided, first, from the proceeds of the remarketing of 2000 Bonds and then, to the extent remarketing proceeds are insufficient, from funds provided by the Borrower. The obligation to purchase tendered 2000 Bonds is not currently supported by any third party liquidity facility or credit enhancement.

**Gifts and Grants** - The College has a permanent, professionally staffed Development Office to handle all forms of giving from alumni, parents, friends, foundations and businesses with annual giving programs as well as gifts for capital projects and endowment.

During the last five fiscal years, the College has received \$61.5 million in gifts, as shown by the following table:

	2019-20	2020-21	2021-22	2022-23	2023-24
Annual unrestricted	\$2,680,299	\$6,539,158	\$2,641,624	\$2,821,243	\$2,689,123
Restricted for general capital needs	142,622	623,979	112,084	716,339	514,564
Endowment and similar funds	1,213,346	2,394,622	3,196,249	2,353,297	1,435,607
Other restricted	6,017,660	5,826,501	6,731,520	6,798,072	6,043,605
Total	\$10,053,927	\$15,384,260	\$12,681,477	\$12,688,951	\$10,682,899

The College has been successful in securing participation from donors within its own community as shown by the following participation rates in annual giving.

	2019-20	2020-21	2021-22	2022-23	2023-24
Trustees	93%	75%	92%	100%	100%
Faculty and Staff	30%	25%	20%	31%	30%
Alumni	26%	20%	18%	19%	18%

**Endowment Funds** - The following table shows the endowment assets of the College, at fair value, for each of the five fiscal years ending June 30, 2024, as follows:

	2020	2021	2022	2023	2024
Investments	\$279,006,000	\$361,220,000	\$333,798,000	\$343,070,000	\$365,474,000
Assets held in trust by others	59,730,000	68,772,000	60,013,000	61,505,000	65,231,000
Contributions receivable	2,438,000	1,797,000	522,000	1,186,000	878,000
Other assets	4,000	4,000	4,000	-	-
Total	\$341,178,000	\$431,793,000	\$394,337,000	\$405,761,000	\$431,583,000

The College employs Partners Capital as its outsourced Chief Investment Officer (CIO). Partners Capital is responsible for developing, implementing, and monitoring the College's asset allocation and ensuring that it is consistent with the long-term investment objectives of the College.

As outsourced CIO, Partners Capital has complete investment discretion within the guidelines and objectives stated in the College's investment policy.

The College's endowment investment returns for each of the last five fiscal years ending June 30, 2024 are as follows:

2024	12.7%
2023	8.40%
2022	-5.00%
2021	33.50%
2020	1.60%

The College's endowment asset allocation as of June 30, 2024 is below:

Global hedged equity	6%
Absolute return	9%
Hedged credit	1%
Fixed income	7%
Global long equity	27%
Domestic equity	11%
International equity	6%
Real estate	3%
Private equity	13%
Real assets	8%
Private debt	6%
Cash	3%

Investments held in trust by others represent resources which are intended to benefit the College but which are held and administered by outside fiscal agents. The College has legally enforceable rights or claims on these assets or on the income therefrom and has accordingly recorded them in its financial statements.

Endowment funds are classified as without donor restrictions (which represents gifts received that do not have donor-imposed restrictions) and with donor restrictions (which represents gifts received that have donor-imposed restrictions). Net assets with donor restrictions includes donor-imposed restrictions that may expire with the passage of time or that may be satisfied by action of the College. Some net assets with donor restrictions are required by donors to be held in perpetuity.

Fund balances of Endowment Funds as of June 30, 2024:

With donor restrictions – perpetual in nature	\$214,708,000
With donor restrictions – purpose/time restrictions	125,267,000
Without donor restrictions	<u>91,608,000</u>
	<u><u>\$431,583,000</u></u>

The largest endowment with donor restrictions that are perpetual in nature is the Bellingrath-Morse Foundation Fund (described below), valued at approximately \$58,000,000 at June 30, 2024, the assets of which are held in trust by third-party trustees. The Board of Trustees of the College has designated distributions received from this fund to support general scholarships and financial aid.

**BELLINGRATH-MORSE FOUNDATION:** In 1982, the College recorded its pro rata portion of the assets of the Bellingrath-Morse Foundation (the “Foundation”) as a permanently restricted endowment fund of the College. Currently, the College receives approximately 57% of the net investment income of the Foundation as long as the College complies with the provisions of the Bellingrath-Morse Trust. The College’s share of the Foundation’s assets at June 30, 2024, was approximately \$58,440,000 and is recorded in assets held in trust. During each year ended June 30, 2024 and 2023, the College received funding of approximately \$2,856,000 and \$2,166,000, respectively, from the Foundation. *No assets of the Foundation can be reached to satisfy any claims of creditors to the College.*

On August 9, 2017, the Trustees (the “Foundation Trustees”) of the Foundation filed a lawsuit in Probate Court of Mobile County, Alabama against Rhodes College, Huntingdon College, and Stillman College (the “College Beneficiaries”). The Foundation, established by Walter Bellingrath in 1950, names the College Beneficiaries as beneficiaries of the Foundation and provides that the Foundation will operate the Bellingrath Gardens and Home (the “Gardens”). The lawsuit initiated by the Foundation Trustees sought, among other things, to avoid the limitations on funding the Gardens established by an Agreement between the Foundation Trustees and the College Beneficiaries that was approved by an August 1, 2003 Judgment of the Circuit Court of Mobile County, Alabama in Civil Action Number CV-2003-1755 (the “2003 Judgment”) and redirect a portion of the Foundation’s financial support from the College Beneficiaries to the Gardens in amounts to be determined annually at the Trustees’ discretion.

On October 5, 2018, the Probate Court issued an interlocutory partial summary judgment ruling in favor of the Foundation Trustees. On November 16, 2018, Huntingdon College filed a petition seeking Writ of Mandamus in the Supreme Court of Alabama challenging a number of issues including the jurisdictional authority of the Probate Court. On March 27, 2020, the Supreme Court released an opinion granting a Writ of Mandamus directing the Probate Court to dismiss the Foundation Trustees’ lawsuit. Following the release of the Supreme Court’s opinion, the Foundation Trustees initiated proceedings against the College Beneficiaries in the Circuit Court of Mobile County, Alabama both in case number CV-2003-1755 and in a new action, CV-2020-901361. On November 23, 2022, the Circuit Court issued a ruling in favor of the Foundation Trustees in case CV-2003-1755. On January 4, 2023, the College Beneficiaries filed a petition seeking Writ of Mandamus in the Supreme Court of Alabama challenging a number of issues in the Circuit Court’s ruling. On May 26, 2023, the Supreme Court released an opinion granting a Writ of Mandamus directing the Circuit Court to dismiss the Foundation Trustees’ lawsuit in case number CV-2003-1755. Case number CV-2020-901361 remains outstanding.

By these actions the Foundation Trustees seek, among other things, to obtain relief from the 2003 Judgment and obtain authority to redirect a portion of the Foundation’s financial support from the College Beneficiaries to the Gardens in amounts to be determined annually at the Trustees’ discretion. The likelihood of a negative outcome in this matter and the financial impact of an ultimate adverse determination are unknown at this time, however, the impact of an adverse resolution could be material.

**Plant Assets** - The following table shows the plant assets of the College, at cost, for each of the five fiscal years ending June 30, 2024, as follows:

	2020	2021	2022	2023	2024
Land	\$1,409,026	\$1,409,026	\$1,409,026	\$1,409,026	\$1,409,026
Buildings and improvements	255,864,320	256,182,656	257,560,170	259,217,218	289,032,959
Furniture, fixtures and equipment	32,136,207	31,748,792	31,584,761	30,748,106	38,364,575
Library books	14,627,900	14,648,322	14,665,765	14,688,376	14,706,183
Construction in progress	801,027	3,262,410	23,571,991	35,948,597	1,813,476
Total	304,838,480	307,251,206	328,791,713	342,011,323	345,326,219
Accumulated depreciation	(143,393,131)	(150,261,563)	(156,963,302)	(163,291,305)	(171,740,593)
Net plant assets	\$161,445,349	\$156,989,643	\$171,828,411	\$178,720,018	\$173,585,626

**Life Income Funds** - Life Income Funds consist of funds contributed to the College subject to requirements that the College pay either defined annuity amounts or the income earned on the assets to designated beneficiaries for the remainder of their lives. The remainder assets of these funds revert to the College upon the death of the beneficiary to be used for whatever purpose may have been specified by the donors. The fund balance of Life Income Funds as of June 30 are shown below:

2024	\$4,987,273
2023	\$4,533,596
2022	\$3,316,701
2021	\$5,062,249
2020	\$3,745,458

**Insurance** - The major items of the College's insurance program are as follows:

- Comprehensive multi-peril package insurance in the amount of \$550,000,000, subject to a \$25,000 deductible. Also included in the aforementioned insurance package is \$50,000,000 of loss of business income insurance. In addition, the College has earthquake insurance of \$75,000,000 with a deductible of 2% of replacement cost, subject to a \$250,000 minimum. The College maintains flood insurance of \$20,000,000 with a deductible of \$100,000. The earthquake insurance contemplates \$20,000,000 of loss of business income insurance.
- Comprehensive general liability, bodily injury, property damage, malpractice, personal injury, false arrest, libel, with limits of \$1,000,000 per occurrence and \$3,000,000 in aggregate, and property damage liability limits of \$1,000,000 per occurrence and aggregate. General Liability coverage is subject to a deductible of \$100,000. Additionally, the College maintains excess umbrella catastrophe liability policies in the amount of \$49,000,000 each occurrence and aggregate.
- Comprehensive crime coverage, employee dishonesty, blanket limit of liability \$5,000,000. Deposit forgery coverage of \$5,000,000.
- Liability insurance for trustees, directors and officers, school leaders, and employment practices coverage with a limitation on coverage of \$20,000,000, subject to a deductible of \$150,000 each claim.
- Comprehensive automobile policy including bodily injury, \$1,000,000 each person and property damage in this combined single limit.
- Foreign liability insurance of \$2,000,000 against certain perils and circumstances that faculty and staff may encounter while traveling outside the United States on official College business.
- Kidnap and Ransom/Extortion coverage of \$3,000,000 against ransom monies and expenses including consultant expenses related to a kidnap and ransom/extortion event.
- Cyber Risk coverage of \$5,000,000 per claim for network and information security liabilities and media/communications liabilities.
- The College has Premises Pollution Liability coverage of \$1,000,000 with a \$50,000 deductible.

Workers' compensation insurance is carried in accordance with the State of Tennessee statutory requirements.