Consolidated Financial Statements and Report of Independent Certified Public Accountants

The Culinary Institute of America

May 31, 2024 and 2023

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
The Culinary Institute of America

Opinion

We have audited the consolidated financial statements of The Culinary Institute of America (the "College"), which comprise the consolidated balance sheets as of May 31, 2024 and 2023, and the related consolidated statement of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

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

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

In performing an audit in accordance with US GAAS, we:

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

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

Grant Thornton LLP

New York, New York
September 25, 2024

The Culinary Institute of America

CONSOLIDATED BALANCE SHEETS

May 31,

	2024	2023
ASSETS		
Cash and cash equivalents	$ 22,683,347	$ 29,717,432
Short-term investments	31,502,652	24,160,472
Investments	177,897,117	159,901,158
Student accounts receivable, net	4,477,927	2,860,282
Other receivables	271,129	764,381
Inventory	2,256,271	2,379,271
Prepaid and other assets	3,057,834	3,090,475
Contributions receivable, net	30,713,671	29,870,256
Long-term loans to students, net	62,591	177,731
Right-of-use lease assets	8,935,028	9,981,273
Deposits with bond trustees	6,483,814	6,497,890
Net investment in lease	5,635,320	-
Equity method investment	7,299,378	-
Land, buildings and equipment, net	253,238,282	250,723,028
Total assets	$ 554,514,361	$ 520,123,649
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 3,821,198	$ 3,896,271
Deferred revenue	26,879,752	23,001,985
Accrued liabilities	12,595,733	14,105,453
Accrued compensated absences	5,085,935	5,345,183
Bonds payable, net	109,154,318	114,938,041
Lease liabilities	9,217,220	10,140,823
U.S. government refundable advances	676,698	935,078
Total liabilities	167,430,854	172,362,834
Net assets		
Without donor restrictions	273,426,099	241,412,936
With donor restrictions	113,657,408	106,347,879
Total net assets	387,083,507	347,760,815
Total liabilities and net assets	$ 554,514,361	$ 520,123,649

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

The Culinary Institute of America

CONSOLIDATED STATEMENTS OF ACTIVITIES

For years ended May 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and gains:						
Tuition, fees and housing, net	$ 141,973,279	$ -	$ 141,973,279	$ 134,205,411	$ -	$ 134,205,411
Contributions of cash and other financial assets	3,328,772	2,452,466	5,781,238	3,491,554	24,318,127	27,809,681
Contributions of nonfinancial assets	2,898,215	-	2,898,215	3,182,448	-	3,182,448
Government grants and contracts	680,575	-	680,575	1,791,951	-	1,791,951
Investment return designated for operations	4,095,593	3,889,776	7,985,369	4,006,709	3,583,394	7,590,103
Sales and services of activities	14,982,551	-	14,982,551	15,167,071	-	15,167,071
Other sources	3,031,781	5,469	3,037,250	3,484,137	3,789	3,487,926
Net assets released from restrictions	7,132,825	(7,132,825)	-	25,089,306	(25,089,306)	-
Total operating revenues and gains	178,123,591	(785,114)	177,338,477	190,418,587	2,816,004	193,234,591
Operating expenses:						
Instruction	56,078,853	-	56,078,853	52,169,536	-	52,169,536
Academic support	16,088,410	-	16,088,410	15,099,324	-	15,099,324
Student services	17,598,543	-	17,598,543	17,318,192	-	17,318,192
Institutional support	39,168,429	-	39,168,429	37,505,368	-	37,505,368
Auxiliary enterprises	31,950,979	-	31,950,979	31,036,096	-	31,036,096
Lease gift write-off	-	-	-	18,502,954	-	18,502,954
Total operating expenses	160,885,214	-	160,885,214	171,631,470	-	171,631,470
Increase (decrease) in net assets from operations	17,238,377	(785,114)	16,453,263	18,787,117	2,816,004	21,603,121
Nonoperating activities:						
Contributions of cash and other financial assets for plant and endowment	-	4,364,918	4,364,918	367,200	1,042,254	1,409,454
Contributions of nonfinancial assets for plant and endowment	1,751,990	-	1,751,990	429,357	-	429,357
Investment return above/(in deficit to) amounts designated for current operations	7,133,226	4,193,140	11,326,366	(3,832,289)	(3,829,245)	(7,661,534)
Net assets released from restrictions for plant	463,415	(463,415)	-	14,457	(14,457)	-
Gain on land lease	5,426,155	-	5,426,155	-	-	-
Increase (decrease) in net assets from nonoperating activities	14,774,786	8,094,643	22,869,429	(3,021,275)	(2,801,448)	(5,822,723)
INCREASE IN NET ASSETS	32,013,163	7,309,529	39,322,692	15,765,842	14,556	15,780,398
Net assets at the beginning of the year	241,412,936	106,347,879	347,760,815	225,647,094	106,333,323	331,980,417
Net assets at the end of the year	$ 273,426,099	$ 113,657,408	$ 387,083,507	$ 241,412,936	$ 106,347,879	$ 347,760,815

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

The Culinary Institute of America

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended May 31,

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 39,322,692	$ 15,780,398
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,112,852	10,073,392
Net realized and unrealized (gains) loss on investments and deposits with bond trustees	(16,835,354)	391,648
Equity method investment loss	622	-
Equipment donations	(1,751,990)	(429,357)
Derecognition of land	209,165	-
Contributions restricted for long-term investment	(6,116,908)	(1,839,095)
Change in assets and liabilities:		
Student accounts receivable, net	(1,617,645)	(347,835)
Other receivables	493,252	(444,272)
Inventory	123,000	(121,177)
Prepaid and other assets	32,641	(153,223)
Contributions receivable, net	(843,415)	(2,098,143)
Right-of-use assets	1,046,245	(9,278,745)
Net investment in lease	(5,635,320)	-
Accounts payable and accrued liabilities	(1,844,041)	952,883
Deferred revenue	3,877,767	3,888,357
Lease liabilities	(669,090)	9,679,374
Net cash provided by operating activities	19,904,473	26,054,205
Cash flows from investing activities:		
Purchases of land, buildings, and equipment	(11,579,120)	(7,929,315)
Net loans advanced to students	115,140	60,044
Purchases/sales of short-term investments	(7,342,180)	(21,352,385)
Proceeds from sales and maturities of investments	133,608	351,024
Purchases of investments	(1,294,213)	(351,124)
Purchases of equity method investments	(7,300,000)	-
Net cash used in investing activities	(27,266,765)	(29,221,756)
Cash flows from financing activities:		
Repayments of principal of indebtedness	(5,289,884)	(4,653,570)
Repayments of principal of finance leases	(254,513)	(245,133)
Change in deposits with bond trustees	14,076	(783,064)
Net decrease in U.S. government grants refundable	(258,380)	(89,554)
Contributions restricted for long-term investment	6,116,908	1,839,095
Net cash provided by (used in) financing activities	328,207	(3,932,226)
(DECREASE) IN CASH AND CASH EQUIVALENTS	(7,034,085)	(7,099,777)
Cash and cash equivalents at beginning of year	29,717,432	36,817,209
Cash and cash equivalents at end of year	$ 22,683,347	$ 29,717,432
Supplemental data:		
Interest paid on bonds	$ 4,832,009	$ 4,922,938
Interest paid on finance leases	$ 25,215	$ 29,512
Gifts-in-kind	$ 4,446,892	$ 3,611,805

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

NOTE 1 - THE COLLEGE

The Culinary Institute of America (the "College") is widely recognized as the world's premier culinary colleges setting the standard for excellence in professional culinary, foodservice, beverage and hospitality education since 1946. The Culinary Institute of America is a private independent college that is exempt from federal incomes taxes under the provision of Section 501 (c) (3) of the Internal Revenue Code (IRC). The College has three domestic campuses located in Hyde Park, NY, St. Helena and Napa, CA (Greystone and Copia), respectively, as well as a campus in San Antonio, TX. The College also has an international campus located in Singapore that is operated through The Culinary Institute of America Singapore, Ltd., a wholly owned subsidiary of the College.

The College offers foundational associate degrees in culinary arts and baking and pastry arts; bachelor's degree majors in culinary arts, baking and pastry arts, culinary science, food business management, hospitality management or applied food studies. The College offers online master's degrees in Food Business, Wine and Beverage Management, Sustainable Food Systems and Culinary Arts. The College also offers an accelerated culinary arts certificate and executive education as well as industry leadership conferences and consulting services. In addition, the College offers programs and courses for professionals and food enthusiasts and operates nine public restaurants. At the Singapore campus, the College has a collaboration agreement with the Singapore College of Technology offering a food business management bachelor's degree for either culinary arts or baking and pastry education. The College's worldwide network of over 55,000 alumni includes leaders in every area of foodservice and hospitality industry.

In fiscal 2024 the College created a single member entity, CIA Investment Holdings LLC, for the sole purpose of investing in a hotel development project on land leased to a third-party on the north parcel of the Hyde Park, NY campus.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the College and have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for not-for-profit entities. All significant intercompany balances and transactions have been eliminated in consolidation.

Net Asset Accounting

The College's resources are classified and reported in the accompanying consolidated financial statements as separate classes of net assets in accordance with donor-imposed restrictions as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations but may be designated for specific purposes by the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

With Donor Restrictions - Net assets subject to donor-imposed restrictions for a particular purpose that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations. These net assets consist primarily of gifts restricted by donors for capital projects and other operating purposes. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the College. Generally, donors of these assets usually permit the use of all or part of the investment return on these assets.

Expenses are reported as decreases in net assets without donor restrictions. Expirations of time and fulfillment of donor-imposed stipulations are reported as net asset releases from the with donor restrictions classification to the without donor restrictions classification. It is the College's policy to record contributions with donor restrictions received and expended in the same accounting period as net assets without donor restrictions.

Nonoperating activities include contributions to be used for facilities and equipment or contributions for the endowment. Nonoperating activities also includes activities relating to investment return (or loss) net of amounts designated for current operations, as well as gains or losses resulting from nonrecurring financing activities.

Fair Value Measurements

The College reports fair value measures of its financial assets and liabilities. Investments and other financial instruments are reported at fair value. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Except for investments reported at net asset value ("NAV"), as a practical expedient to estimate fair value, the College uses a three-tiered hierarchy to categorize those assets and liabilities reported at fair value based on the valuation methodologies employed. The hierarchy is defined as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date. Assets and liabilities classified as Level 1 generally include listed equities;

Level 2 - Inputs are quoted market prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly. Assets and liabilities classified as Level 2 generally include fixed income securities and derivative instruments; and

Level 3 - Inputs include pricing inputs that are unobservable for the assets and reflect certain assumptions to determine fair value.

The inputs or methodology used for valuing or classifying investments for financial reporting purposes is not necessarily an indication of the risk associated with investing in those investments or a reflection on the liquidity of each fund's underlying assets and liabilities. With respect to those investments reported at NAV as a practical expedient, fair value hierarchy categorization is not required. The fair value amounts presented as NAV are intended to permit reconciliation of the fair value hierarchy disclosure to the amounts presented in the consolidated balance sheets.

Cash Equivalents

For the purposes of the consolidated statements of cash flows, the College considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents, unless they are part of investment funds.

Revenue Recognition and Receivables

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the College recognizes revenue when control of the promised goods or services are transferred to the College's students or outside parties in an amount that reflects the consideration the College expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 requires expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The College has identified student revenues, sales and services of educational activities and sales of other auxiliary enterprise revenue as revenue categories subject to the adoption of ASC 606. The College recognizes contracts with customers, as goods or services transferred or provided in accordance with ASC 606.

Tuition, Fees and Housing Revenue

Revenue from student education, dining services and residence is determined based on published rates and is billed prior to the start of each semester and reflected net of reductions from institutional student aid and scholarships. Payments received prior to the commencement of an academic semester and the related net revenue is deferred and recognized in the period the services are rendered.

Student Accounts Receivable

Student accounts receivable are reported net of allowance for doubtful accounts. Management has established an allowance for doubtful accounts for outstanding balances deemed uncollectible. These allowances are determined based upon numerous considerations, including the specific composition of the receivable balance, established payment terms, historic trends of delinquencies, write-offs and other information. On a periodic basis, these factors are considered and the allowances for doubtful accounts are adjusted accordingly with a corresponding adjustment to the provision for allowance for doubtful accounts.

Reserves have been provided for student accounts receivable estimated to be uncollectible at May 31, 2024 and 2023 totaling $5,305,409 and $4,637,012, respectively.

Contributions, Grants and Contracts

The College recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the College evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the College applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the College evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the College is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Unconditional contributions are recognized as revenues when donors' commitments are received. Contributions of assets other than cash are recorded at their estimated fair value. Conditional pledges are recognized as revenues when the conditions on which they depend are substantially met.

Contributions restricted for the acquisition of land, buildings and equipment or for the construction of assets are reported as net assets with donor restrictions. These contributions are released to net assets without donor restrictions upon acquisition of the assets.

Unconditional pledges are reported at their estimated net present values, net of an allowance for uncollectible amounts, and are classified as net assets with donor restrictions. The allowance for uncollectible contributions is estimated based upon management's judgment and includes factors such as prior collection history.

Nonfinancial assets are recorded at the fair value of the assets received and are classified as either operating or non-operating contributions. Nonfinancial assets that are capitalized are classified as nonoperating. All other nonfinancial assets received are classified as operating contributions and either placed into inventory or fully expensed in the fiscal year received. The College uses the wholesale price in the United States of America (i.e. the principal market) for nonfinancial assets received. Operating nonfinancial assets received include food and beverage donations for student culinary and baking classes, assets received for student activities, student cooking competitions, College events, conferences and kitchen equipment used in student classrooms and restaurants. Donated food and beverages are used in the student-operated restaurants or in classroom instruction. Donated items may be auctioned off as part of the College's fundraising events or student operated dinner events.

Short-Term Investments

Short-term investments are reported at fair value based on quoted fair values and consist principally of U.S. treasuries, commercial paper and money market funds with maturities less than one year. These investments are intended to be available for current operations.

Investments

Investments are recorded at fair value for investments that the College does not have the ability to exercise significant influence over operating and financial policies of the investee. If an investment is held directly by the College and in an active market where quoted prices exists, the College reports the fair value as the market price. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year. The College also holds shares or units in alternative investment funds involving hedge and private equity strategies. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets that require the estimation of fair values in the absence of readily determinable fair values. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

The College utilizes the NAV reported by each of the alternative investment funds as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the College's interests in these funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the College's interest in the funds.

Endowment and investment return includes interest and dividends, realized gains and losses, and the change in unrealized appreciation (depreciation) on the associated investments. The average cost of investment securities sold is used to determine the basis for computing realized gains or losses, and the College accounts for investment sales and purchases on a trade date basis.

Inventory

Inventory primarily represents restaurant operating supplies and food and beverage and are stated at the lower of cost, determined principally on the weighted average cost method, or market.

Deposits with Bond Trustees

Deposits with bond trustees represent funds held by designated bond trustees for debt service payments. Deposits with bond trustees are held in cash and cash equivalents and are recorded at fair value.

Equity Method Investments

The College uses the equity method to account for investments in financial entities if the College has the ability to exercise significant influence over operating and financial policies of the investee. Accordingly, the College includes its proportionate share of earnings and/or losses of equity method investee in the investment return in the statement of activities.

Land, Buildings and Equipment

Land, buildings and equipment in excess of $5,000 are recorded at cost at the date of acquisition or fair value at date of donation.

Depreciation is recorded using the straight-line method with estimated useful lives used in the calculation of depreciation by major category of assets are as follows:

Buildings and building improvements	50 years
Major kitchen equipment purchases/donations	25 years
Kitchen equipment and renovations	15 years
Furniture and equipment	7 years
Computer equipment	5 years

Collections and similar assets (collectively, “Collections”) have been recognized at their estimated fair value based upon appraisals or similar valuations at the date of acquisition or donation. Works of art, historical treasures and similar assets are capitalized but not depreciated.

Leases

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

Leases result in recognition of right-of-use (“ROU”) assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

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

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

Student Loans Receivable and U.S. Government Refundable Advances

Student loans receivable are carried at unpaid principal balances, which represent net realizable value. These loans have mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition. Amounts received from the federal government to fund a portion of the student loans are ultimately refundable to the federal government and are classified as U.S. Government refundable advances in the consolidated balance sheet.

Reserves have been provided for long-term loans to students estimated to be uncollectible at May 31, 2024 and 2023 totaling $5,372 and $129,093, respectively.

Deferred Revenue

Deferred revenue at May 31, 2024 and 2023 totaled $26,867,615 and $23,001,985, respectively, and represents the College's performance obligation to transfer future enrollment and instructional services to students, including participants in culinary educational conferences. For the years ended May 31, 2024 and 2023, the College recognized nearly all of the $23,001,985 and $19,113,628, respectively, in revenue from amounts that were included in deferred revenues at the beginning of the respective fiscal years. The changes in deferred revenues were caused by normal timing differences between the satisfaction of performance obligations and student and participant payments.

Discount and Bond Premium

Bonds payable are recorded net of the discount or premium. Amortization and accretion of this discount or premium is recorded using the straight-line method. Net accretion (amortization expense) amounted to $613,484 for the fiscal years ended May 31, 2024 and 2023, respectively.

Bond Issuance Costs

Bond issuance costs are capitalized and amortized over the term of the related bond, using the straight line method. Bond issuance costs totaled $2,371,987 and $2,491,584, net of amortization, at May 31, 2024 and 2023, respectively, and are included in the bonds and notes payable, net balance on the consolidated balance sheets. Amortization expense amounted to $119,647 for the fiscal years ended May 31, 2024 and 2023, respectively.

Expenses

Expenses are recognized by the College as incurred. Expenses paid in advance and not yet incurred are reported as prepaid expenses until the applicable period.

The costs of program and supporting activities have been summarized on a functional basis on the accompanying consolidated statements of activities. Expenses directly attributable to a specific functional area are reported within that functional area. The maintenance of plant, depreciation expense and interest expense are allocated based on square footage.

Income Taxes

The College follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The College is exempt from federal income tax under Internal Revenue Code (the "Code") Section 501(a) as an organization described in Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The College has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The College has determined that there are no material uncertain tax positions that require recognition or disclosure in its consolidated financial statements.

For the years ended May 31, 2024 and 2023, the College reported unrelated business income tax, for federal and state purposes, that is immaterial for financial statement purposes as the College has federal net operating losses that exceed its projected tax liability.

Liabilities

Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Management Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation allowances for receivables, and the valuation of certain investments. Actual results could differ from those estimates.

Concentrations of Credit Risk

The College maintains its cash and money market funds with high credit quality financial institutions, which at times may exceed federally insured limits. The College has not experienced, nor does it anticipate, any losses with respect to such accounts. The College has a significant investment in equities, fixed income securities, mutual and exchange-traded funds and alternative investments, both marketable and non-marketable, and is therefore subject to concentrations of credit risk.

NOTE 3 - INVESTMENTS

The long-term investment objective of the College is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value after inflation. The College’s investment strategy incorporates a diversified asset allocation approach that maintains, within defined limits, exposure to domestic and international equities, fixed income, real estate, and private equity markets. The majority of the College’s investments are managed in a pooled fund that consists primarily of endowment assets.

The College's investments at May 31, 2024 and 2023 are summarized in the following tables by their fair value hierarchy classification:

2024	Total Fair Value	Level 1	Level 2	Level 3	Redemption Frequency	Days' Notice
Investments, at fair value:						
Commingled equity and debt funds	$ 2,354,936	$ 2,354,936	$ -	$ -	Daily	1-3
Private equity	342,577	-	-	342,577	Illiquid	-
Total investments, at fair value	2,697,513	$ 2,354,936	$ -	$ 342,577		
Investments measured at NAV:						
Private equity	548,042				Illiquid	-
Multi-strategy	174,635,374				Various	-
Real assets	16,188				Illiquid	-
Total investments	$ 177,897,117					
Short-term investments:						
Cash	$ 7,416,361	$ 7,416,361			Daily	1-3
Fixed income and money market funds	21,253,228	21,253,228			Daily	1-3
Equities	2,833,063	2,833,063			Daily	1-3
Total short-term investments	$ 31,502,652	$ 31,502,652				

2023	Total Fair Value	Level 1	Level 2	Level 3	Redemption Frequency	Days' Notice
Investments, at fair value:						
Commingled equity and debt funds	$ 2,585,250	$ 2,585,250	$ -	$ -	Daily	1-3
Private equity	348,120	-	-	348,120	Illiquid	-
Total investments, at fair value	2,933,370	$ 2,585,250	$ -	$ 348,120		
Investments measured at NAV:						
Private equity	606,354				Illiquid	-
Multi-strategy	156,342,395				Various	-
Real assets	19,039				Illiquid	-
Total investments	$ 159,901,158					
Short-term investments:						
Cash	$ 329,459	$ 329,459			Daily	1-3
Fixed income and money market funds	21,725,849	21,725,849			Daily	1-3
Equities	2,105,164	2,105,164			Daily	1-3
Total short-term investments	$ 24,160,472	$ 24,160,472				

As of both May 31, 2024 and 2023, 98% of the College's investments were invested in a fund-of-funds managed by Cerity Partners, the College's outsourced chief investment officer. Cerity Partners' managed funds offers the College the ability to direct investments via share classes offering exposure in global equities, fixed income, absolute return, real assets and private equity. As of May 31, 2024 and 2023, the College's investment in this multi-strategy fund was comprised of 40% and 38% global equities, respectively, 12% and 11% global fixed income, respectively, 15% and 15% absolute return, respectively, 14% and 16% real assets, respectively, and 19% and 20% private equity, respectively.

Of the investments managed by Cerity Partners, 66% are liquid in one year or less.

The College's investments, at fair value, have liquidity provisions at May 31, 2024 as follows:

Investment redemption period:	
Daily (up to 5 days)	$ 63,674,797
Up to 1 Month	8,759,980
1 Month to 3 Months	24,527,945
3 Months to 6 Months	5,255,988
6 Months to 1 Year	15,767,964
1 Year to 5 Years	45,551,897
Greater than 5 Years	14,358,546
Total	$ 177,897,117

NOTE 4 - ENDOWMENT FUNDS

The College's endowment consists of funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the College to function as endowments (board-designated).

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 its endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period, as well as board-designated funds. The primary investment objective of the management of the endowment fund is to maintain and grow the fund's real value by generating average annual real returns that meet or exceed the spending rate, after inflation, management fees, and administrative costs. Consistent with this goal, the Board of Trustees and the Investment Committee intend that the endowment fund be managed with an intention to maximize total returns consistent with prudent levels of risk, and reduce portfolio risk through asset allocation and diversification.

Strategies Employed for Achieving Objects

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Committee is responsible for establishing the asset allocation policy. The asset allocation policy is designed to attempt to achieve diversity among capital markets and within capital markets, by investment discipline and management style. The Investment Committee designs a policy portfolio in light of the endowment's needs for liquidity, preservation of purchasing power, and risk tolerance.

The College targets a diversified asset allocation that places emphasis on investments in global equities, global fixed income, absolute return, real assets, and private equity strategies to achieve its long-term return objectives within prudent risk constraints. The Investment Committee reviews the policy portfolio asset allocation, exposures, and risk profile on an ongoing basis.

Spending Policy

The College has a policy of appropriating for distribution each year a percentage of its endowment fund based on the fund's average fair value over the prior 12 quarters. The spending rate approved by the Board of Trustees was 5% for the years ended May 31, 2024 and 2023. In establishing this policy, the College considered the long-term expected return on its endowment, with a goal of preserving the endowment's earning power. To achieve this goal, the College expects the endowment to generate an annual rate of return that exceeds the sum of the spending rate of the policy and inflation, as measured by the US CPI Urban Consumers NSA Index. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held, as well as to provide additional growth through new gifts and investment return.

In establishing these policies, the College considered the expected return on its endowment and its programming needs. Accordingly, the College expects the current spending policy to allow its endowment to maintain its purchasing power and to provide a predictable and stable source of revenue to the annual operating budget. Additional real growth will be provided through new gifts, any excess investment return, or additions by the Board of Trustees. The effective spending rate was 5.09% and 4.82% for the years ended May 31, 2024 and 2023, respectively.

The following is a summary of the College's endowment net asset composition by type of fund as of May 31,2024 and 2023:

	2024					
		With Donor Restrictions				
	Without Donor Restrictions	Accumulated Unspent Earnings on Restricted Endowments	Original Value of Term Endowment Gifts	Original Value of Permanent Endowment Gifts	Endowment Total with Donor Restrictions	Total
Board-designated endowment funds	$ 75,979,897	$ -	$ -	$ -	$ -	$ 75,979,897
Donor-restricted endowment funds:						
Endowment funds	-	16,589,687	25,600,560	36,447,266	78,637,513	78,637,513
Underwater endowment funds	-	(6,052)	-	156,844	150,792	150,792
Total endowment funds	$ 75,979,897	$ 16,583,635	$ 25,600,560	$ 36,604,110	$ 78,788,305	$ 154,768,202

	2023					
		With Donor Restrictions				
	Without Donor Restrictions	Accumulated Unspent Earnings on Restricted Endowments	Original Value of Term Endowment Gifts	Original Value of Permanent Endowment Gifts	Endowment Total with Donor Restrictions	Total
Board-designated endowment funds	$ 71,231,794	$ -	$ -	$ -	$ -	$ 71,231,794
Donor-restricted endowment funds:						
Endowment funds	-	12,085,413	25,613,718	33,287,495	70,986,626	70,986,626
Underwater endowment funds	-	(68,530)	-	2,152,312	2,083,782	2,083,782
Total endowment funds	$ 71,231,794	$ 12,016,883	$ 25,613,718	$ 35,439,807	$ 73,070,408	$144,302,202

Annually, the College's management assesses whether certain endowment balances comprising its restricted endowment fund, had fair values less than their historical corpus values. Aggregate shortfalls of this nature amounted to $6,052 and $68,530 at May 31, 2024 and 2023, respectively.

For fiscal year 2024, the Board approved to transfer $455,000 of the proceeds from the 2024 CIA Leadership Awards Gala to establish a quasi-endowment fund in honor of retiring president Dr. Tim Ryan.

The following is a summary of the components of the return of the endowment pool and changes in endowment net assets for the years ended May 31, 2024 and 2023:

	2024					
		With Donor Restrictions				
	Without Donor Restrictions	Accumulated Unspent Earnings on Restricted Endowments	Original Value of Term Endowment Gifts	Original Value of Permanent Endowment Gifts	Endowment Total with Donor Restrictions	Total
Endowment at beginning of year	$ 71,231,794	$ 12,016,883	$ 25,613,718	$ 35,439,807	$ 73,070,408	$ 144,302,202
Net investment return	7,958,352	8,088,458	-	-	8,088,458	16,046,810
Contributions	-	-	-	1,164,303	1,164,303	1,164,303
Board Designated Transfer	455,000	-	-	-	-	455,000
Appropriation for expenses	(3,665,249)	(3,521,706)	(13,158)	-	(3,534,864)	(7,200,113)
Endowment net assets, end of year	$ 75,979,897	$ 16,583,635	$ 25,600,560	$ 36,604,110	$ 78,788,305	$ 154,768,202

	2023					
		With Donor Restrictions				
	Without Donor Restrictions	Accumulated Unspent Earnings on Restricted Endowments	Original Value of Term Endowment Gifts	Original Value of Permanent Endowment Gifts	Endowment Total with Donor Restrictions	Total
Endowment at beginning of year	$ 75,787,218	$ 15,628,308	$ 25,613,718	$ 34,022,036	$ 75,264,062	$ 151,051,280
Net investment return	(365,789)	(245,851)	-	-	(245,851)	(611,640)
Contributions	-	-	-	1,417,771	1,417,771	1,417,771
Appropriation for expenses	(4,189,635)	(3,365,574)	-	-	(3,365,574)	(7,555,209)
Endowment net assets, end of year	$ 71,231,794	$ 12,016,883	$ 25,613,718	$ 35,439,807	$ 73,070,408	$ 144,302,202

The College follows the New York Prudent Management of Institutional Funds Act ("NYPMIFA") in the management of its endowment. The College has interpreted NYPMIFA as allowing the College to spend or accumulate the amount of an endowment fund that the College determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The College classifies as net assets with donor restrictions (a) the original values of gifts donated to permanent endowments, (b) the original values of subsequent gifts to permanent endowments, and (c) accumulations to permanent endowments made in accordance with the directions of the applicable donors' gift instruments at the times the accumulations are added to the funds. Unspent endowment earnings remain classified as with donor restrictions until those amounts are appropriated for spending by the College's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Investment Committee considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund;
- The purposes of the College and its endowment fund;
- General economic conditions;
- The expected total return from income and the appreciation of investments;
- Other resources of the College;
- Where appropriate and where circumstances would otherwise warrant, alternatives to expenditure of an endowment fund, giving due consideration to the effect that such alternatives may have on the College; and
- The investment policies of the College.

NOTE 5 - EQUITY METHOD INVESTMENTS

The College entered into a joint venture agreement with NRI Hudson Valley Holdings, LLC, (the "General Partner") to develop a hotel on the campus of the College. The joint venture created by the College and the General Partner is NRI Hyde Park Holdings LLC.

The College accounts for its investment in NRI Hyde Park Holdings LLC under the equity method of accounting. In April 2024, $7,300,000 was transferred from the CIA Investment Holdings LLC to NRI Hyde Park Holdings LLC, as an initial investment in the project. A $622 investment loss was recorded in fiscal year 2024. The investment value of the NRI Hyde Park Holdings LLC is $7,299,378 as of May 31, 2024. The College has a commitment to invest up to a total of $10,000,000.

NOTE 6 - TUITION, FEES AND HOUSING, NET

The College offers associate, bachelor and master degrees, as well as a certificate program with credits. See Note 1 for more detail on the degree and credit programs offered by the College. The College also offers continuing education, non-credit programs at all of its campuses for both food enthusiasts and food service professionals. At the Copia and Hyde Park campuses, the College offers industry leadership conferences and training which focus on nutritional health and wellness, sustainability and food ethics, and professional development in food industry excellence and innovation. The College offers residential housing to students on its Hyde Park and Greystone campuses.

In the following tables, revenue is disaggregated by type of service provided for the years ended May 31,2024 and 2023:

	Year Ended May 31, 2024			
	Credit Programs	Non-Credit Programs	CIA Housing	Total
Tuition and fees	$ 147,579,733	$ 11,627,136	$ 23,599,277	$ 182,806,146
Less: scholarships	(40,831,679)	(188)	(1,000)	(40,832,867)
Total	$ 106,748,054	$ 11,626,948	$ 23,598,277	$ 141,973,279

	Year Ended May 31, 2023			
	Credit Programs	Non-Credit Programs	CIA Housing	Total
Tuition and fees	$ 141,821,602	$ 10,509,845	$ 22,582,322	$ 174,913,769
Less: scholarships	(40,598,200)	-	(110,158)	(40,708,358)
Total	$ 101,223,402	$ 10,509,845	$ 22,472,164	$ 134,205,411

NOTE 7 - CONTRIBUTIONS AND CONTRIBUTIONS RECEIVABLE, NET

At May 31, 2024 and 2023, contributions receivable are estimated to be collected are as follows:

	2024	2023
Less than one year	$ 4,210,396	$ 4,180,071
One to five years	15,232,270	14,104,873
Thereafter	18,527,447	19,150,811
	37,970,113	37,435,755
Less: present value discount (3% at May 31, 2024 and 2023)	(6,974,083)	(7,312,057)
Less: allowance for doubtful receivables	(282,359)	(253,442)
Total	$ 30,713,671	$ 29,870,256

In fiscal year 2019, the College recorded the value of a San Antonio campus lease gift (i.e. free rent) through August 16, 2050 as a contribution receivable. In fiscal year 2023, the College was informed that they were going to be required to pay rent on the San Antonio campus and therefore the remaining pledge receivable was written off. A foundation provided the College with a new multi-year pledge to support the educational mission, operations, and activities in San Antonio. The gift has committed payments to be received each year through fiscal year 2043. The present value of the gift received was $18,951,964 as of the date of gift. The present value of the pledge in support of the San Antonio campus was $17,838,761 and $18,230,738 for the years ended May 31, 2024 and 2023, respectively.

The San Antonio campus lease gift write-off was effective at the beginning of the fiscal year 2023 and the net carrying value of the gift lease write-off in fiscal year 2023 was $18,502,954.

Contributions include gifts which support both operating and nonoperating activities of the College are comprised of the following:

	2024	2023
Pledge revenue	$ 4,441,270	$ 30,281,892
Cash and other gift revenue	5,475,790	5,614,290
Contributions of non-financial assets - operations	2,898,215	3,182,448
Contributions of non-financial assets - capital	1,751,990	429,357
Gross contributions	14,567,265	39,507,987
Receivable write-offs and net change in allowance for doubtful receivables	(108,878)	(160,571)
Net change in present value adjustment	337,974	(6,516,476)
Total contributions per statement of activities	14,796,361	32,830,940
Lease gift write-off	-	(18,502,954)
Contributions net of lease gift write-off	$ 14,796,361	$ 14,327,986

Contributions of non-financial assets used for operations include food and beverage donations and non-capital kitchen equipment and supplies used for charitable and student events. For the years ended May 31,2024 and 2023, food and beverage donations amounted to $2,016,419 and $2,038,987, respectively. For the years ended May 31, 2024 and 2023, non-capital kitchen equipment and supplies used for charitable and student events donations amounted to $881,796 and $1,143,461, respectively. Donated equipment valued at over $5,000 is capitalized and recorded as nonoperating revenues. Contributions of capital non-financial donations were $1,751,990 and $463,415 for the years ended May 31,2024 and 2023, respectively.

For the years ended May 31, 2024 and 2023, the College’s fundraising expense amounted to $2,684,385 and $2,499,207, respectively. These amounts do not include expenses incurred for fundraising events which amounted to $1,290,141 and $1,185,171 for the years ended May 31, 2024 and 2023, respectively.

NOTE 8 - LAND, BUILDINGS AND EQUIPMENT, NET AND LEASES

Land, buildings and equipment as of May 31, 2024 and 2023 consists of:

	2024	2023
Land	$ 8,516,253	$ 8,725,418
Building and building improvements	358,782,689	351,528,294
Furniture and equipment	111,396,949	106,593,044
Construction in progress	1,272,810	-
Total	479,968,701	466,846,756
Less: accumulated depreciation	(226,730,419)	(216,123,728)
Total	$ 253,238,282	$ 250,723,028

Depreciation of buildings and building improvements, and furniture and equipment was $10,606,691 and $10,567,232 for the years ended May 31, 2024 and 2023, respectively.

Interest costs incurred during construction are capitalized, net of interest earned on construction funds. There was no interest capitalized during the years ended May 31, 2024 and 2023.

The College has several non-cancelable operating leases, for which a right-of-use asset and a lease liability are recorded in the accompanying consolidated balance sheet. The College measures its lease assets and liabilities using an appropriate discount rate. The College considered the likelihood of exercising renewal or termination terms in measuring its ROU assets and lease liabilities.

The College’s lease payments include both fixed and variable payments. Variable payments are based on indices specified in the leases. The leases contain no termination options or residual value guarantees.

The College has elected the practical expedient to forgo applying the recognition requirements in ASC 842 to short-term leases.

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

	2024	2023
Operating lease cost	$ 1,290,663	$ 1,275,682
Finance lease cost		
Amortization of ROU assets	254,513	245,133
Interest on lease liabilities	25,215	29,512
Total lease cost	$ 1,570,391	$ 1,550,327

Rental expense for agreements not classified as leases totaled $1,074,231 and $1,239,101 for the years ended May 31, 2024 and 2023, respectively.

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

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 1,290,663	$ 1,275,682
Operating cash flows from finance leases	25,215	29,512
Financing cash flows from finance leases	254,513	245,133
ROU assets obtained in exchange for lease obligations in fiscal years 2024 and 2023		
Operating leases	63,341	9,648,910
Finance leases	-	765,470

Supplemental balance sheet information related to leases as of May 31, 2024 is as follows:

	Finance	Operating	Total
ROU assets	$ 1,219,539	$ 8,258,818	$ 9,478,357
Accumulated amortization	(543,329)	-	(543,329)
Total	$ 676,210	$ 8,258,818	$ 8,935,028
Lease liabilities	$ 694,068	$ 8,523,152	$ 9,217,220
Weighted-average remaining lease term	5.08 years	8.79 years	
Weighted-average discount rate	3.0%	3.0%	

Supplemental balance sheet information related to leases as of May 31, 2023 is as follows:

	Finance	Operating	Total
ROU assets	$ 1,291,200	$ 9,096,307	$ 10,387,507
Accumulated amortization	(406,234)	-	(406,234)
Total	$ 884,966	$ 9,096,307	$ 9,981,273
Lease liabilities	$ 899,074	$ 9,241,749	$ 10,140,823
Weighted-average remaining lease term	5.35 years	9.74 years	
Weighted-average discount rate	3.0%	3.0%	

The maturity of the lease liability under the College's leases as of May 31, 2024 is as follows:

Year Ending May 31,	Finance	Operating	Total
2025	$ 183,050	$ 1,118,394	$ 1,301,444
2026	139,229	1,010,948	1,150,177
2027	136,009	1,005,438	1,141,447
2028	124,106	1,025,934	1,150,040
2029 and thereafter	175,527	5,610,230	5,785,757
Total lease obligation, gross	757,921	9,770,944	10,528,865
Less: present value discount	(63,853)	(1,247,792)	(1,311,645)
Total lease obligation, net	$ 694,068	$ 8,523,152	$ 9,217,220

Future minimum rental payments due under leases at May 31, 2024 are as follows:

Year Ending May 31,	
2025	$ 1,301,444
2026	1,150,177
2027	1,141,447
2028	1,150,040
2029 and thereafter	5,785,757
Total	$ 10,528,865

NOTE 9 - LESSOR - 99-YEAR GROUND LEASE

In December 2023, the CIA (lessor) executed a ground lease with NRI Hyde Park LLC (lessee). The CIA is leasing a parcel of land consisting of 21.55 acres on the north section of the Hyde Park campus overlooking the Hudson River to NRI Hyde Park LLC. The purpose of the lease agreement is for NRI Hyde Park LLC to construct, operate and manage an upscale hotel resort and hotel villas. The term of the lease agreement states that from the commencement of construction until the hotel opening date the lessee shall pay the lessor $150,000 in base rent per year in equal, monthly installments of $12,500. Construction is expected to begin in October 2024.

Once the hotel and hotel villas are completed, the lease includes two contingent increases of additional monthly installments. The first contingent increase is for the completion of the hotels. Commencing on the hotel opening date, the lessee shall pay the lessor $500,000 in base rent per year in equal, monthly installments of $41,667. The second contingent increase is for the sale of the hotel villa units. Once sales are completed, the lessee shall pay the lessor an additional $500,000 in base rent per year in equal, monthly installments of $41,667. Because the two additional base rents are contingent, the amounts are not included in the valuation calculation of the net investment in lease.

In addition to base rent and the contingent additional rents, the lessee is responsible for all other costs and expenses relating to or arising out of the use, operation, and maintenance of the leased property. At all times, the lessee shall keep the building insured against loss or damage by fire or other casualty. At the end of the 99 year lease, the lessee shall surrender the property in good condition to the lessor.

The 99-year ground lease transaction was accounted for by the College as a sales-type lease. Accordingly, on the lease commencement date, the lessor a) derecognized the net book value of the land of $209,165, b) recognized a gross lease receivable of $14,850,000, c) recorded a present value of lease payments not yet received by the College of $9,214,680 and d) recorded a gain on land lease sale of $5,426,155. The gain on land lease sale is recognized in the nonoperating activities section in the 2024 consolidated statement of activities. As of May 31, 2024, a net investment in lease of $5,635,320 was recognized on the consolidated balance sheet.

Components of net investment in lease as of May 31, 2024 includes the following:

Gross lease receivable	$ 14,850,000
Present value of lease	(9,214,680)
Net investment in lease	$ 5,635,320

Minimum future lease payments due to the College under the ground lease as of May 31, 2024, are as follows:

Years Ending May 31,	
2025	$ 100,000
2026	150,000
2027	150,000
2028	150,000
2029 and Thereafter	14,300,000
Total minimum lease payments	14,850,000
Less: amounts representing interest (2.021%)	(9,214,680)
Present value of future minimum lease payments	$ 5,635,320

NOTE 10 - BONDS, AND LOANS PAYABLE

Bonds Loans payable are comprised of the following at May 31, 2024 and 2023:

	Interest Rate	Original Issue	Outstanding at May 31, 2024	Outstanding at May 31, 2023	Maturity Date	Coupon Interest Rate
Dorm Authority State of New York						
Revenue bonds						
Series 2013 (b)	5.56%	$ 30,800,000	$ 18,500,000	$ 19,210,000	07/01/2043	2.0%-5.0%
Dutchess County Local Development						
Series 2016A (c)	4.45	37,040,000	25,455,000	27,465,000	07/01/2046	1.64-5.0
Series 2018 (d)	3.46	23,165,000	18,200,000	19,295,000	07/01/2036	5
Series 2021 (h)	2.57	16,885,000	16,155,000	16,530,000	07/01/2040	4-5
Series 2022A (i)	2.57	10,630,000	10,170,000	10,630,000	07/01/2042	4-5
Communities Development Authority						
Revenue bonds series						
Series 2008 (e)	2.60	18,200,000	5,880,000	6,480,000	10/01/2038	2.60
Series 2016B (f)	3.70	12,725,000	4,080,000	4,080,000	07/01/2046	5
TD Bank						
2021 Taxable loan (g)	3.35	428,004	302,906	342,792	01/01/2031	3.35%
			98,742,906	104,032,792		
Add bond premium			12,909,883	13,533,103		
Less bond discounts			(126,534)	(136,270)		
Less bond issue costs			(2,371,937)	(2,491,584)		
Bonds and loans payable, net			$ 109,154,318	$ 114,938,041		

(a) The Series 2013 Bonds were issued to (1) finance the major renovation and equipping of the College's student recreation center and (2) finance land improvements for the areas surrounding the new conference center at the Hyde Park campus. These bonds are secured by pledged tuition revenues (as defined by the loan agreement). The bonds were issued at fixed interest rates ranging from 2.0% to 5.0% at the date of issuance depending on the underlying principal maturity date. These bonds were issued at a premium that is being amortized using the straight-line method over the remaining life of the bonds, resulting in a yield ranging from 0.87% to 5.18%.

(b) The Series 2016A Bonds were issued to (1) finance the construction and equipping of various capital projects located at the Hyde Park campus and (2) refund in full the previously issued DASNY (Series 2004A and Series 2004C Bonds). The bonds are secured by pledged tuition revenues (as defined in the loan agreement) subject to the prior DASNY pledges. The bonds were issued at fixed interest rates ranging from 1.64% to 5.0% at the date of issuance depending on the underlying principal maturity date and were issued at a premium that is being amortized using the straight-line method over the life of the bonds.

(c) The Series 2018 Bonds were issued to refund in full the previously issued DASNY (Series 2004D and Series 2006 Bonds). The Series 2018 Bonds were issued by the Dutchess County Local Development Authority with a principal value of $23,165,000. The bonds were issued at a fixed interest rate of 5.0% and were issued at a premium that is being amortized using the straight-line method over the life of the bond.

(d) The Series 2021 Bonds were issued to finance the refunding of the CHF-CIA 2011 Bonds and purchase the dormitory facilities associated with those bonds and to partially refund the College's Series 2013 Bonds. The Bonds were issued by the Dutchess County Local Development Authority with a principal value of $16,885,000. The Bonds were issued at fixed interest rates ranging from 4%-5%, and at premium that is being amortized using the straight-line method. The bonds are secured by pledged tuition revenues (as defined in the loan agreement).

(e) The Series 2022A Bonds were issued to finance the refunding of the Series 2012 Bonds. The Bonds were issued by the Dutchess County Local Development Authority with a principal value of $10,630,000. The Bonds were issued at fixed interest rates ranging from 4%-5%, and at premium that is being amortized using the straight-line method The bonds are secured by pledged tuition revenues (as defined in the loan agreement).

(f) The Series 2008 Bonds were issued to (1) finance the renovation and equipping of the student residential property and the campus store located at Greystone and (2) refund in full the previously issued California Statewide Communities Development Authority (Series 2005 Bonds). The bonds are secured by pledged tuition revenues (as defined in the loan agreement) and a first lien mortgage on the Greystone campus. During fiscal year 2021, the Series 2008 Bonds were converted to a fixed rate loan held by TD Bank through a second supplemental indenture and loan agreement with TD Bank.

(g) The Series 2016B Bonds were issued to finance the construction and equipping of various capital projects located at both California campuses. The bonds are secured by pledged tuition revenues (as defined in the loan agreement). The bonds were issued at fixed interest rate of 5.0% and were issued at a premium that is being amortized using the straight-line method over the life of the bonds.

(h) The fixed rate taxable loan totaling $428,004 was entered into with TD Bank to terminate the interest rate swap liability associated with the Series 2008 bonds. The loan was issued at fixed interest rate of 3.35%.

At May 31, 2024, scheduled principal payments of the bonds are summarized as follows:

Year Ending May 31,	
2025	$ 5,486,243
2026	5,682,646
2027	5,894,097
2028	6,095,597
2029	5,507,148
Thereafter through 2047	70,077,176
Bond principal maturities	98,742,907
Add bond premium	12,090,883
Less bond discounts	(126,535)
Less bond issue costs	(2,371,937)
Bonds and notes payables, net	$ 109,154,318

Total interest expense for the years ended May 31, 2024 and 2023 totaled $4,738,279 and $4,966,875, respectively.

Credit Facility

The College carries two revolving unsecured lines of credit with TD Bank and Lakeland Bank in the maximum principal amount of $6 million with each bank for a total of $12 million. The lines of credit are unsecured general obligation of the College with a floating interest rate based on Secured Overnight Financing Rate ("SOFR") as of May 31, 2024, there were no outstanding balances on any of the lines of credit.

NOTE 11 - DEPOSITS WITH BOND TRUSTEES

Funds on deposit with bond trustees, primarily representing investments in U.S. Treasury obligations at fair value (Level 1), relate to the Series 2008, Series 2013, Series 2016, Series 2018, Series 2021 and Series 2022 Bonds as follows:

	2024		
	Debt Service Fund	Project Fund	Total
Series 2008	$ 107	$ -	$ 107
Series 2013	1,128,040	-	1,128,040
Series 2016	2,556,096	-	2,556,096
Series 2018	1,433,437	-	1,433,437
Series 2021	659,355	-	659,355
Series 2022	706,779	-	706,779
	$ 6,483,814	$ -	$ 6,483,814

	2023		
	Debt Service Fund	Project Fund	Total
Series 2008	$ -	$ 25,181	$ 25,181
Series 2013	1,106,761	-	1,106,761
Series 2016	2,499,056	4,222	2,503,278
Series 2018	1,410,166	-	1,410,166
Series 2021	680,084	2,082	682,166
Series 2022	767,527	2,811	770,338
	$ 6,463,594	$ 34,296	$ 6,497,890

The amounts in the debt service funds are for the anticipated principal and bond interest payments due July 1 and October 1 of each year through maturity.

NOTE 12 - RETIREMENT PLAN

All employees of the College who have been employed by the College for at least one year and work in excess of 1,000 hours annually are eligible to participate in the College's Retirement Defined Contribution Plan managed by the Teacher's Insurance and Annuity Association ("TIAA"). Under this plan, the College makes annual contributions which are immediately vested for the benefit of the participants. For the years ended May 31, 2024 and 2023, the expense amounted to $3,577,808 and $3,119,642, respectively.

The College also has a Supplemental Tax Deferred Annuity Plan with TIAA for employees who want to make additional retirement contributions. There is no pension expense to the College for this plan.

The College also has a 457(b) and a 457(f) deferred compensation plan (the “457 Plans”), for a select group of management and highly compensated employees. The 457 Plans are nonqualified deferred compensations plans subject to the provisions of the IRC section 457. Until paid or made available to the participant, all deferred amounts and investment earnings related to the deferral amounts are solely the property of the College and are subject to the claims of the College’s creditors. Participants’ rights under the 457 Plans are equal to those of a general creditor of the College. As of May 31, 2024 and 2023, the 457 Plan assets and corresponding liabilities totaled $3,865,217 and $3,247,918, respectively, and are included in investments and Prepaid and other assets with an offset in accrued liabilities in the accompanying statement of financial position.

NOTE 13 - DONOR-RESTRICTED NET ASSETS

	2024	2023
Perpetual restriction for scholarships	$ 22,665,966	$ 21,911,663
Perpetual restriction for facility maintenance and operations	12,577,551	12,577,551
Perpetual restriction for general use	2,178,900	2,016,400
Total net assets with perpetual restrictions	37,422,417	36,505,614
Time or purpose restrictions	76,234,991	69,842,265
Total net assets with donor restrictions	$ 113,657,408	$ 106,347,879

Net assets with perpetual restrictions includes contributions receivable of $818,307 and $1,065,807 and at May 31, 2024 and 2023, respectively, that upon receipt are to be held in perpetuity. Time or purpose restricted net assets included contributions receivable of $29,895,364 and $28,804,447 at May 31, 2024 and 2023, respectively.

NOTE 14 - FUNDS AVAILABLE AND LIQUIDITY RESOURCES

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 and cash equivalents, short-term investments, liquid managed investments and lines of credit. See Note 8 for information about the College’s lines of credit.

The following table reflects the College's financial assets as of May 31, 2024 and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, perpetual and term endowments, unappropriated and accumulated unspent restricted endowment gains, unspent donor-restricted funds or because the College's governing board has set aside the funds for long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 22,683,347	$ 29,717,432
Short-term investments	31,502,652	24,160,472
Investments	177,897,117	159,901,158
Student accounts receivable, net	4,477,927	2,860,282
Other receivables	271,129	764,381
Contributions receivable, net	30,713,671	29,870,256
Financial assets, at year end	267,545,843	247,273,981
Less:		
Amounts unavailable for general expenditures within one year due to:		
Endowment corpus restricted in perpetuity	(36,604,110)	(35,439,807)
Endowment corpus with time restriction	(25,600,561)	(25,613,719)
Contributions to be received after one year, net	(26,503,274)	(25,690,186)
Contributions to be received in one year restricted in perpetuity	(280,000)	(437,500)
Unappropriated accumulated endowment gains, net	(16,583,634)	(12,016,683)
Funds restricted for donor purposes	(3,941,148)	(3,192,931)
Total amounts unavailable due to donor restrictions	(109,512,727)	(102,390,826)
Total financial assets available to management for general expenditure before amounts subject to the Board's approval	158,033,116	144,883,155
Amounts available to management subject to the Board's approval:		
Board-designated for Quasi-Endowment	(75,979,897)	(71,231,794)
Total financial assets available to management to meet cash needs for general expenditure within one year	$ 82,053,219	$ 73,651,361

NOTE 15 - SALES AND SERVICES ACTIVITIES

Sales and services activities are non-student revenue sources for the College. The revenues are comprised of sales from College restaurants, on-campus catering functions and sales from the multiple campus bookstores and online store sales.

The following is a summary of sales and services revenues by category:

	For the Year Ended May 31, 2024			
	Restaurants	Catering	Campus Stores	Total
Sales and services revenues	$ 8,140,023	$ 5,007,756	$ 1,834,772	$ 14,982,551

	For the Year Ended May 31, 2023			
	Restaurants	Catering	Campus Stores	Total
Sales and services revenues	$ 8,169,017	$ 5,055,259	$ 1,942,795	$ 15,167,071

NOTE 16 - FUNCTIONAL EXPENSES

Campus expenses are reported in the accompanying statements of activities by functional classification. The allocation of operation and maintenance of plant is based on square footage. Depreciation and amortization expense includes depreciation of buildings, building improvements, and equipment.

College expenses by natural classification were as follows for the years ended May 31, 2024 and 2023:

	2024					
	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary Enterprise	Total
Expenses:						
Salaries and benefits	$ 32,683,702	$ 10,418,604	$ 8,629,696	$ 19,073,822	$ 6,811,243	$ 77,617,067
Contracted services	5,196,106	2,728,396	3,391,755	8,907,130	13,298,688	33,522,075
Food and beverage	7,392,449	561,163	520,522	526,309	3,153,454	12,153,897
Supplies and other expenses	4,214,522	1,080,839	1,452,142	6,156,281	2,387,266	15,291,050
Utilities and occupancy	2,130,452	471,123	379,404	2,060,295	2,379,053	7,420,327
Depreciation and amortization	4,014,966	769,826	1,472,416	1,814,985	2,040,659	10,112,852
Interest and fees	446,656	58,459	1,752,608	629,607	1,880,616	4,767,946
Total expenses	$ 56,078,853	$ 16,088,410	$ 17,598,543	$ 39,168,429	$ 31,950,979	$160,885,214

	2023					
	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary Enterprise	Total
Expenses:						
Salaries and benefits	$ 29,347,716	$ 10,193,037	$ 7,737,176	$ 17,811,371	$ 6,654,658	$ 71,743,958
Contracted services	4,964,640	2,447,580	3,741,627	7,807,214	12,438,509	31,399,570
Food and beverage	7,198,774	617,410	535,982	616,653	3,079,472	12,048,291
Supplies and other expenses	4,583,394	647,479	1,651,876	6,726,281	2,208,834	15,817,864
Utilities and occupancy	1,696,835	356,023	335,557	2,132,829	2,522,289	7,043,533
Depreciation and amortization	3,911,869	776,222	1,490,826	1,745,433	2,149,042	10,073,392
Interest and fees	466,308	61,573	1,825,148	665,587	1,983,292	5,001,908
Lease gift write-off	-	-	-	18,502,954	-	18,502,954
Total expenses	$ 52,169,536	$ 15,099,324	$ 17,318,192	$ 56,008,322	$ 31,036,096	$171,631,470

NOTE 17 - RELATED PARTY TRANSACTIONS

The College has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees or key person, or any immediate family member, can participate in any decision in which he or she has a material financial interest or exercises influence. Each Trustee and key person is required to certify compliance with the conflict of interest policy on an annual basis as well as disclose any potential related-party transactions to the audit committee. If such a relationship exists, the College requires that such transactions be conducted at arms' length, with terms that are fair and reasonable to and for the benefit of the College. There were no material related party transactions during the years ended May 31, 2024 and 2023.

NOTE 18 - SUBSEQUENT EVENTS

The College has evaluated subsequent events from the consolidated balance sheet date through September 25, 2024, the date at which the consolidated financial statements were available to be issued. On September 23, 2024, the College fulfilled its capital investment obligation of $10,000,000 to NRI Hyde Park Holdings LLC related to its investment in the development of a hotel on the Hyde Park campus. The payments were made in accordance with the agreement and no further investments are required. The College is not aware of any other subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.