Lycoming College

Financial Statements

June 30, 2024 and 2023

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Independent Auditors' Report

To the Board of Trustees of
Lycoming College

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Baker Tilly US, LLP

Williamsport, Pennsylvania
October 28, 2024

Lycoming College

Statements of Financial Position
June 30, 2024 and 2023
(In Thousands)

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 4,460	$ 2,398
Student accounts receivable, net	19	18
Contributions receivable	718	1,076
Due from governmental agencies	5,840	5,938
Other current assets	1,736	2,202
Total current assets	12,773	11,632
Investments	199,413	187,141
Student Loans Receivable	496	612
Contributions Receivable, Net	2,566	2,508
Land, Buildings and Equipment, Net	92,553	92,754
Assets Held in Trust Under Split-Interest Agreements	4,076	5,347
Beneficial Interest in Perpetual Trusts	486	470
Total assets	$ 312,363	$ 300,464
Liabilities and Net Assets		
Current Liabilities		
Line of credit	$ 5,000	$ 570
Current maturities of bonds payable	7,816	7,984
Current maturities of note payable	55	55
Accounts payable, trade	308	700
Accounts payable, construction	1,166	431
Other current liabilities	7,298	7,246
Total current liabilities	21,643	16,986
Bonds Payable, Net	28,214	29,087
Note Payable	305	360
Liabilities Under Split-Interest Agreements		
Gift annuities	1,661	1,788
Charitable remainder unitrusts and annuity trusts	1,666	1,963
Advance From Federal Government for Student Loans	585	633
Other Noncurrent Liabilities	232	450
Total liabilities	54,306	51,267
Net Assets		
Without donor restrictions:		
Endowment funds	136,860	123,002
Undesignated	53,853	61,439
Total net assets without donor restrictions	190,713	184,441
With donor restrictions	67,344	64,756
Total net assets	258,057	249,197
Total liabilities and net assets	$ 312,363	$ 300,464

See notes to financial statements

Lycoming College

Statement of Activities
Year Ended June 30, 2024
(With Comparative Totals for 2023)
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Operating Changes				
Revenues, gains and other support:				
Tuition and fees, net	$ 11,792	$ -	$ 11,792	$ 10,776
State grants	831	-	831	275
Federal grants	838	-	838	2,731
Private grants	266	-	266	254
Private gifts	639	-	639	633
Contributed nonfinancial assets	37	-	37	9
Lycoming Annual Fund	1,062	-	1,062	970
Sales and service of auxiliary enterprises	13,783	-	13,783	13,727
Endowment return designated for operations	7,359	-	7,359	8,549
Other sources	214	-	214	290
Net assets released by satisfaction of program restrictions	5,078	(5,078)	-	-
Total operating revenues, gains and other support	41,899	(5,078)	36,821	38,214
Expenses				
Educational and general:				
Instruction	17,372	-	17,372	17,013
Academic support	4,986	-	4,986	5,012
Student services	10,357	-	10,357	10,339
Institutional support	8,371	-	8,371	8,169
Fundraising activities	1,755	-	1,755	1,594
Total educational and general expenses	42,841	-	42,841	42,127
Auxiliary enterprises	9,927	-	9,927	9,645
Total operating expenses	52,768	-	52,768	51,772
Change in net assets from operating activities	(10,869)	(5,078)	(15,947)	(13,558)
Nonoperating Changes				
Private gifts, net	1,111	2,962	4,073	2,074
Endowment investment return, net of amount designated for operations	15,374	4,077	19,451	10,991
Other investment income	652	10	662	673
Net income from rental activities	77	-	77	57
Change in value of split-interest agreements	(73)	600	527	(161)
Change in beneficial interest in perpetual trusts	-	17	17	17
Change in net assets from nonoperating activities	17,141	7,666	24,807	13,651
Change in net assets	6,272	2,588	8,860	93
Net Assets, Beginning	184,441	64,756	249,197	249,104
Net Assets, Ending	$ 190,713	$ 67,344	$ 258,057	$ 249,197

See notes to financial statements

Lycoming College

Statement of Activities
Year Ended June 30, 2023
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Operating Changes			
Revenues, gains and other support:			
Tuition and fees, net	$ 10,776	$ -	$ 10,776
State grants	275	-	275
Federal grants	2,731	-	2,731
Private grants	254	-	254
Private gifts	633	-	633
Contributed nonfinancial assets	9	-	9
Lycoming Annual Fund	970	-	970
Sales and service of auxiliary enterprises	13,727	-	13,727
Endowment return designated for operations	8,549	-	8,549
Other sources	290	-	290
Net assets released by satisfaction of program restrictions	4,802	(4,802)	-
Total operating revenues, gains and other support	43,016	(4,802)	38,214
Expenses			
Educational and general:			
Instruction	17,013	-	17,013
Academic support	5,012	-	5,012
Student services	10,339	-	10,339
Institutional support	8,169	-	8,169
Fundraising activities	1,594	-	1,594
Total educational and general expenses	42,127	-	42,127
Auxiliary enterprises	9,645	-	9,645
Total operating expenses	51,772	-	51,772
Change in net assets from operating activities	(8,756)	(4,802)	(13,558)
Nonoperating Changes			
Private gifts, net	(482)	2,556	2,074
Endowment investment return, net of amount designated for operations	7,585	3,406	10,991
Other investment income	662	11	673
Net income from rental activities	57	-	57
Change in value of split-interest agreements	(217)	56	(161)
Change in beneficial interest in perpetual trusts	-	17	17
Change in net assets from nonoperating activities	7,605	6,046	13,651
Change in net assets	(1,151)	1,244	93
Net Assets, Beginning	185,592	63,512	249,104
Net Assets, Ending	$ 184,441	$ 64,756	$ 249,197

See notes to financial statements

Lycoming College

Statements of Cash Flows
Years Ended June 30, 2024 and 2023
(In Thousands)

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ 8,861	$ 93
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	5,907	5,121
Realized and unrealized gains on investments and beneficial interest in perpetual trusts	(26,389)	(17,712)
Private gifts restricted for long-term investment	(2,556)	(2,556)
Investment income restricted for long-term investment	(1,260)	(1,091)
Change in value of split-interest agreements	(526)	161
Other changes in assets and liabilities	303	(1,075)
Net cash used in operating activities	(15,660)	(17,059)
Cash Flows From Investing Activities		
Proceeds from sale or maturities of investments	19,911	29,889
Purchase of investments	(5,810)	(2,108)
Purchase of land, buildings and equipment	(5,701)	(12,460)
Payments on land, buildings and equipment in prior year accounts payable	735	(1,273)
Payments from student loans	116	128
Student loans advanced	-	(20)
Net cash provided by investing activities	9,251	14,156
Cash Flows From Financing Activities		
Proceeds from private gifts restricted for:		
Investment in endowment	3,174	2,376
Investment subject to annuity agreements	526	(161)
Investment in plant	469	386
Subtotal, proceeds from restricted private gifts	4,169	2,601
Other financing activities:		
Proceeds from line of credit	4,430	278
Interest and dividends restricted for reinvestment	1,260	1,091
Payments on bonds payable	(1,045)	(970)
Payments of annuity obligations	(240)	(250)
Maturity of charitable remainder trust	-	(173)
Payments on notes payable	(55)	(55)
Refund of governmental loan	(48)	(66)
Subtotal, other financing activities	4,302	(145)
Net cash provided by financing activities	8,471	2,456
Net change in cash and cash equivalents	2,062	(447)
Cash and Cash Equivalents, Beginning	2,398	2,845
Cash and Cash Equivalents, Ending	$ 4,460	$ 2,398
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 2,100	$ 1,995
Supplemental Disclosure of Noncash Investing Activities		
Land, buildings and equipment included in accounts payable, construction	$ 1,166	$ 431

See notes to financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Lycoming College (the College), located in Williamsport, Pennsylvania, founded in 1812 and affiliated with the Methodist Church since 1848, is a four-year liberal arts based, co-educational, independent college. The College awards grants-in-aid, fellowships and scholarships from its net assets without donor restrictions to individuals who meet the College's academic standards and the amounts of such awards are determined primarily based upon the financial need of each applicant. Additional financial aid is provided to students from federal and state programs in which the College participates and from contributions to the College by alumni and friends.

The College evaluated subsequent events for recognition or disclosure through October 28, 2024, the date the financial statements were available to be issued (Note 21).

Basis of Accounting

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

These financial statements present financial information showing the financial position, the activities and the cash flows of the College reflecting the presence or absence of donor-imposed restrictions. Accordingly, the amounts of net assets are classified according to the nature of restrictions, as follows:

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

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

Use of Estimates

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

Student Accounts Receivable

Student accounts receivable include all current accounts receivable related to student transactions. Student accounts receivable are reported at the net amount expected to be collected.

Allowance for Credit Losses

The College recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the statements of financial position date. Receivables are written off when the College determines that such receivables are deemed uncollectible. The College pools its receivables based on similar characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the College measures those receivables individually. The College also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The College utilizes the loss rate method in determining its lifetime expected credit losses on accounts receivable. In determining its loss rates, the College evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, payor type, customer creditworthiness, and the effect of other external forces such as economic conditions receivables. The allowance for credit losses on student accounts receivables and student loans receivables was $32,646 and $61,947 as of June 30, 2024, respectively. As of June 30, 2023, prior to the adoption of Accounting Standards Update (ASU) No. 2016-13, an allowance for doubtful accounts for such student accounts receivables and student loans receivables was $30,000 and $51,081.

Contributions

Contributions, including unconditional promises to give (i.e., pledges), are recognized as revenues in the period received, and the College distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions, if any. Contributions received with donor-imposed restrictions that are met in the same year as received are generally reported as revenues of net assets without donor restrictions. Conditional promises to give are not recognized until the conditions are met.

Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings and equipment with such donor stipulations are reported as revenues with donor restrictions. The restrictions are considered to be released at the time the assets are placed in service.

Contributions other than cash are recorded at their estimated fair value at the time of the contribution.

Contributions to be received after one year are discounted at a discount rate which approximates current market rates. Amortization of the discount is recorded annually as additional contribution revenue.

Changes in the allowance for uncollectible contributions, which is an estimate based on management's assessment of the risk of collectability, are recorded in the statements of activities as an adjustment of contribution revenue.

Investments

Equity securities with readily determinable fair values and debt securities are valued at fair value based on quoted market prices as reported by the College's investment custodians. Adjustments to reflect increases or decreases in market value, referred to as unrealized gains and losses, are reported in the statements of activities. Limited partnerships, limited liability companies, hedge funds and commingled funds, which are not readily marketable, are stated at net asset value (NAV), which approximates fair value, and are evaluated for impairment.

The College reviews and evaluates the NAV's provided by the investment custodians and approves of the valuation methods and assumptions used to determine the fair value of these investments.

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

Realized and unrealized gains and losses arising from the sale or appreciation (depreciation) in fair value of investments, and ordinary income from investments, are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor imposed stipulations, or by law.

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

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost if purchased, or fair market value at the date of gift, if donated, less accumulated depreciation, computed on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	10-40 years
Equipment and vehicles	3-20 years

When events or circumstances indicate possible impairment may have occurred, the College evaluates long-lived assets for possible impairment based on whether the carrying value exceeds the estimated future cash flows from use and disposition value attributable to such assets. Impairment losses are recorded for the excess of the carrying value over fair value. The College has not identified any impairment as of June 30, 2024 and 2023.

Split-Interest Agreements and Perpetual Trusts

Assets received under split-interest agreements, arrangements in which the College has a beneficial interest but is not the sole beneficiary, are recorded at fair value. Under the terms of certain of these agreements (charitable remainder trusts), the assets are held in trust for the lives of the other income beneficiaries, and upon death, the trusts are terminated, and the remaining assets are transferred to the College in accordance with the donor's stated restrictions, if any. Liabilities under split-interest agreements are calculated using the present value of estimated contractual payments. These calculations require assumptions to be made as to discount rates as of the date of each gift, consideration of the life expectancies of the other beneficiaries, estimated rate of return on invested assets and other factors.

The difference between the fair value of assets received and liabilities assumed is recognized as gift revenue. During the term of these agreements, adjustments are made to recognize changes in the value of split-interest agreements resulting from changes in actuarial assumptions as nonoperating activity within the appropriate net asset classification.

Gift revenues recognized under split-interest agreements are recorded as increases in net assets with donor restrictions if the donor has restricted the College's use of its interest in perpetuity. If assets become available for use upon termination of the agreement, appropriate amounts are reclassified from net assets with donor restrictions to net assets without donor restrictions.

Also, the College receives income from certain perpetual trusts. Under the terms of the trust agreements, the College has the irrevocable right to receive a portion of the income earned on trust assets in perpetuity, but never receives the assets held in the trusts. The assets are recorded at the estimated present value of the College's future cash receipts from trust assets, measured by the College's allocable share of trust income times the fair value of trust assets.

Advance From Federal Government for Student Loans

The student loans receivable primarily represents loans to students funded by advances to the College by the federal government under the Federal Perkins Loan Program. Such funds may be re-loaned by the College after collection. The Perkins loan program expired on September 30, 2017; after June 30, 2018, no new loans were permitted. Institutions are permitted to liquidate all Perkins loans or continue to service all or some of its outstanding Perkins loans. The College is continuing to service its Perkins loans and is assessing the loan portfolio to determine if certain loans will be assigned to the government, but in the event that the College no longer participates in the Program, the amounts are refundable to the federal government. The federal government's portion of these funds at June 30, 2024 and 2023 was approximately $585,000 and $633,000, respectively.

Nonoperating Activities

For the purpose of the statements of activities, the College considers its changes in net assets without donor restrictions to be operational changes, except for changes related to net assets that have been designated by the Board of Trustees for endowment or plant (certain private gifts and investment income), gains and losses on investments, net income or loss from rental activities and changes in the value of split interest agreements.

Revenue Recognition and Disaggregation of Revenue

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

Transaction prices approved by the Board of Trustees for tuition, fees, room and board are determined based on applicable College pricing schedules. Institutional financial aid and discounts provided by the College are reflected as a reduction of the transaction price. The College awards grants-in-aid and scholarships to individuals who meet the College's academic standards. The amounts of such awards are based upon the financial needs and/or merit of each applicant. Institutional financial aid and discounts provided to students were approximately $36,264,000 and $35,300,000, which represented approximately 77% of gross tuition and fee revenue for both 2024 and 2023.

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

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

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

Deferred revenue associated with advanced tuition and student credit balances and included in other current liabilities on the statements of financial position were not material at June 30, 2024 or 2023.

Title IV Requirements

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

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

Cash Flows

For the purposes of the statements of cash flows, the College considers highly liquid instruments purchased with a maturity of three months or less (excluding certain short-term instruments which are classified as investments) to be cash equivalents.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Accounting Standard Updates

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

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

2. Coronavirus Disease (COVID-19) and Emergency Relief Funding

As a response to the Coronavirus pandemic, the federal government approved three relief packages between April 2020 and March 2021. Congress set aside approximately $76.7 billion between the Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan (ARP) to be allotted to the Educational Stabilization Fund through the Higher Education Emergency Relief Fund (HEERF).

The Employee Retention Credit (ERC), which was included as part of the CARES Act and amended by the Consolidated Appropriations Act (CAA), ARP and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020, and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The College believes it qualifies for the ERC as its operations were fully or partially suspended during the first and second calendar quarters of 2021 due to government orders from the Commonwealth of Pennsylvania, limiting certain of its activities due to COVID-19 (i.e., Government Orders Test). The College also experienced a significant decline in gross receipts in the third quarter of 2021, defined as a 20% decline in gross receipts when compared to the same quarter in 2019 (i.e., Gross Receipts Test). The College averaged more than 100 full-time employees (FTEs), but less than 500 FTEs during 2019; therefore, it was considered a large employer during 2020 and a small employer during 2021. As a large employer in 2020, only wages paid to employees not providing services were eligible for the ERC, while as a small employer in 2021 all of the College's otherwise qualified wages were eligible. For 2020, the ERC equaled 50% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit for each employee of $5,000. For 2021, the ERC equaled 70% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit of $21,000 for each employee. The College applied for the ERC by amending its previously filed forms 941, and as a result, has accounted for this federal funding by way of analogy to FASB Accounting Standards Codification (ASC) 410, *Asset Retirement and Environmental Obligations*. ASC 410- 30-35-8 indicates that a claim for recovery should be recognized only when the claim is probable of recovery as defined in ASC 450-20-25-1 (i.e., Contingencies). Accordingly, the College believes that the recovery of employment tax amounts previously paid is probable, and therefore, that portion relating to the Gross Receipts Test in the amount of $1,897,202 has been recorded as an ERC receivable (reported in the due from governmental agencies line item) at June 30, 2024 and 2023, and federal government grant revenue of $1,897,202 for the year ended June 30, 2023. That portion relating to the Government Orders Test, $3,834,877, has been recorded as an ERC receivable and other current liabilities (deferred revenue) at June 30, 2024 and 2023, pending processing by the Internal Revenue Service.

3. Contributions Receivable (in Thousands)

	2024	2023
Contributions receivable, gross	$ 3,439	$ 3,892
Unamortized discount	(156)	(308)
Contributions receivable, net	$ 3,283	$ 3,584
Current portion of contributions receivable	$ 718	$ 1,076
Long-term contributions receivable	2,566	2,508
Total	$ 3,284	$ 3,584

Contributions due in future years are as follows (in thousands):

Years ending June 30:	
Less than one year	$ 718
One to five years	2,667
Five or more years	54
Total	$ 3,439

Discount rates ranged from 0.29% to 4.13% for the years ended June 30, 2024 and 2023.

Contributions are generally from alumni and businesses located in the Mid-Atlantic region. Management periodically assesses collectability of these amounts and records an allowance for doubtful accounts when necessary.

4. Investments, Fair Values and Financial Instruments

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

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

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

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

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

	2024 (in Thousands)			
	Total Fair Value	**Level 1**	**Level 2**	**Level 3**
Reported at Fair Value				
Assets:				
Investments:				
Cash and cash equivalents	$ 2,024	$ 2,024	$ -	$ -
Mutual funds, equities	13,800	13,800	-	-
Mutual funds, fixed income	15,357	15,357	-	-
Other	3,012	3,012	-	-
Subtotal	34,193	$ 34,193	$ -	$ -
Alternative investments measured at NAV:				
Commingled funds	19,262			
Limited partnerships	140,497			
Hedge funds	5,461			
Total long-term investments	$ 199,413			
Assets held in trust under split-interest agreements:				
Cash and cash equivalents	$ 137	$ 137	$ -	$ -
Mutual funds, equities	1,449	1,449	-	-
Mutual funds, fixed income	2,490	2,490	-	-
Total assets held in trust	$ 4,076	$ 4,076	$ -	$ -
Beneficial interest in perpetual trusts	$ 486	$ -	$ -	$ 486

	2023 (in Thousands)			
	Total Fair Value	Level 1	Level 2	Level 3
Reported at Fair Value				
Assets:				
Investments:				
Cash and cash equivalents	$ 1,246	$ 1,246	$ -	$ -
Mutual funds, equities	17,629	17,629	-	-
Mutual funds, fixed income	8,584	8,584	-	-
Other	1,761	1,761	-	-
Subtotal	29,220	$ 29,220	$ -	$ -
Alternative investments measured at NAV:				
Commingled funds	18,403			
Limited partnerships	134,203			
Hedge funds	5,315			
Total long-term investments	$ 187,141			
Assets held in trust under split-interest agreements:				
Cash and cash equivalents	$ 482	$ 482	$ -	$ -
Mutual funds, equities	1,388	1,388	-	-
Mutual funds, fixed income	3,477	3,477	-	-
Total assets held in trust	$ 5,347	$ 5,347	$ -	$ -
Beneficial interest in perpetual trusts	$ 470	$ -	$ -	$ 470

Valuation Methodologies

Cash and cash equivalents to be received in less than one year: The carrying amounts approximate fair value because of the short term maturity of the financial instruments.

Investments: The fair values are based on values provided by external investment managers. Mutual funds comprised of equity and fixed-income securities included in the investment portfolio are measured at fair value using quoted market prices for identical assets, which are considered Level 1 inputs. The College's assets held in trust under split-interest agreements are stated at the fair value of the underlying investments, which consist mainly of marketable equity securities. As such, these are also considered Level 1 inputs.

Alternative investments: The College measures the fair value for these alternative investments based on NAV as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a significantly different value. If not determined as of the College's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the College sold all or a portion of its alternative investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment. See table below as of June 30, 2024.

The College's beneficial interest in perpetual trusts are recorded at the fair value of the holdings as reported by the trustees as an estimate of the cash flows to be received from the trusts. These are considered Level 3 measurement because even though the measurement is based on the underlying fair value of the trust assets as reported by the trustees, the College will never receive these assets, or have the ability to direct the trustees to redeem them.

Investment Pool	Strategy	Fair Value	Remaining Life	Amount of Unfunded Commitments	Timing to Draw Commitments	Redemption Terms
Commingled funds	Long-term capital growth by investing in emerging markets and commodity sectors	$ 19,262	N/A	$ -	N/A	N/A
Limited partnerships	Capital appreciation through investments in high growth private companies	140,497	N/A	304	N/A	N/A
Hedge funds	Multi-strategy focusing on U.S. and global sectors	5,461	N/A	-	N/A	Ranges from quarterly with 45 days' notice to every two years with 60 days' notice (have ability to redeem earlier but penalties may apply)

Investment Return

Investment income and realized and unrealized gains (losses) on investments consists of the following for the years ended June 30, 2024 and 2023 (in thousands):

	2024	2023
Interest and dividends, net of fees	$ 1,717	$ 1,550
Net realized and unrealized gains	25,274	18,289
Annuity realized/unrealized gains	482	374
Total realized and unrealized gains on investments	25,756	18,663
Total investment return, net	$ 27,473	$ 20,213
Endowment return designated for operations	$ 7,359	$ 8,549
Endowment investment return, net of amount designated for operations	19,451	10,991
Other investment income	663	673
Total investment return, net	$ 27,473	$ 20,213

Investment income and realized and unrealized gains are allocated based on the original intent of the donor at the time of the gift. Income from College-held investments and investments of donor gifts without restrictions are classified as operating or nonoperating investment income without donor restrictions. Income from investments of donor gifts with time or purpose donor restrictions are classified as nonoperating investment income with donor restrictions. Income from investment of donor gifts with donor restrictions (where only the income from said investments may be used, never the principal of the original gift) are classified as nonoperating investment income with donor restrictions. Investment fees were approximately $599,000 in 2024 and $421,000 in 2023.

5. Liquidity and Availability of Financial Assets

The College's financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal and interest payments on debt and capital construction costs not financed with debt, were as follows (in thousands):

	2024	2023
Cash and cash equivalents	$ 4,460	$ 2,398
Student accounts receivable, net	19	18
Contributions receivable	680	991
Investments	471	455
Planned appropriation of endowment	9,296	8,921
Total financial assets available	$ 14,926	$ 12,783

As part of its liquidity management strategy, the College structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The College has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year preceding the fiscal year in which the distribution is planned.

Cash withdrawals from the managed investment pool normally coincide with this appropriated spending distribution; however, due to the seasonal variations of cash flows during the year attributable to tuition billing, concentrations of contributions at calendar and fiscal year-ends, and various capital projects not financed with debt, the College has quasi-endowed funds to draw on, if necessary.

The College's quasi-endowed endowment funds had market values of $137 million and $122 million as of June 30, 2024 and 2023, respectively. Although the College does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure, amounts from quasi-endowed funds could be made available, at the discretion of the Board of Trustees.

6. Land, Buildings and Equipment

Land, buildings and equipment at June 30, 2024 and 2023 are as follows (in thousands):

	2024	2023
Land, buildings and equipment are summarized as follows:		
Land	$ 9,587	$ 9,587
Land improvements	11,985	11,951
Buildings and building improvements	137,192	133,135
Equipment and furniture	17,283	18,307
Library books and materials	7,516	7,433
Vehicles	239	288
Construction in process	5,167	4,273
Total	188,969	184,974
Less accumulated depreciation	96,416	92,220
Land, buildings and equipment, net	$ 92,553	$ 92,754

Depreciation expense was approximately $5,902,000 in 2024 and $5,116,000 in 2023.

The DOE revised the regulations for financial responsibility effective July 1, 2019. The regulations require the College provide additional disclosures. The following table provides a breakdown of land, buildings and equipment, net, at June 30, 2024 and 2023.

	2024	2023
Pre-implementation:		
Land, buildings and equipment, net	$ 36,485	$ 42,081
Post-implementation:		
Land, buildings and equipment, net, without outstanding debt for original purchase:	50,901	46,400
Construction in progress	5,167	4,273
Total land, buildings and equipment, net without outstanding debt for original purchase	56,068	50,673
Total land, buildings and equipment, net	$ 92,553	$ 92,754

7. Bonds Payable

Bonds payable at June 30, 2024 and 2023 are comprised of the following issues (in thousands):

	2024	2023
Revenue Bonds, Series of 2019, due in varying annual installments through November 2033 with principal payments beginning in November of 2021, interest rates ranging from 2.00% to 5.00%	$ 3,860	$ 4,355
Revenue Bonds, Series of 2013 MM1, due in varying annual installments through November 2043 with principal payments beginning in November of 2023, interest rates ranging from 4.00% to 5.50%	17,540	17,790
Revenue Bonds, Series of 2013 S1, due in varying annual installments through November 2043 with principal payments beginning in November of 2036, weekly floating interest rate at a maximum of 10.00% (4.00% as of June 30, 2024)	5,545	5,545
Revenue Bonds, Series of 2013 S1A, due in varying annual installments through November 2044 with principal payments beginning in November of 2037, interest rate of 4.75% at June 30, 2024, subject to continuation in a term mode for successive five-year periods or conversion to different rate mode at election of borrower	2,680	2,680
Revenue Bonds, Series of 2013 S2, due in varying annual installments through November 2035 with principal payments beginning in November of 2031, interest rate of 4.50% through October 31, 2024, in a term mode, subject to continuation in term mode for successive three-year periods or conversion to different rate mode at election of borrower	4,000	4,000
Revenue Bonds, Series of 2001, due in varying annual installments through November 2031, weekly floating interest rate at a maximum of 12.00% (4.00% as of June 30, 2024)	2,600	2,900
Total	36,225	37,270
Plus unamortized bond premium	391	425
Less unamortized bond discount	(185)	(194)
Less issuance costs	(401)	(430)
Subtotal	36,030	37,071
Less current portion	(7,816)	(7,984)
Long-term portion	$ 28,214	$ 29,087

The College's revenue bonds are collateralized by a security interest in the College's gross revenues.

Interest expense on bonds was approximately $1,639,000 in 2024 and $1,637,000 in 2023.

The Revenue Bonds Series of 2001 and 2013 S1 are variable rate revenue bonds, which contain a remarketing feature. Pursuant to the related trust indenture, the bonds are remarketed in a weekly rate mode. The maximum weekly rate is 12% and 10%, respectively, per annum based on a 365 day year. Each bond is secured by a separate irrevocable, direct pay letter of credit issued by Manufacturers and Traders Trust Company both of which expire in September 2026. Any failure to remarket the bonds will not constitute an event of default under each letter of credit. If the bonds are not successfully remarketed, the College is obligated, among other things, to make monthly payments of principal on such bonds each due on the first day of the month in an amount equal to the principal of such bonds divided by the number of months remaining until expiration of the letter of credit together with interest thereon at a rate equal to the reimbursement rate (the higher of 4% per annum or LIBOR, adjusting daily, plus 3%, per annum) so that the entire amount of such principal will be paid on or prior to the expiration of the letter of credit.

The aggregate future principal payments on bonds payable at June 30, 2024, are as follows (in thousands):

Years ending June 30:			
2025	$	7,816	(1)
2026		2,404	(1)
2027		925	(1)
2028		990	(1)
2029		710	(1)
Thereafter		23,380	(1)
Total	$	36,225	

(1) Includes approximately $6,981,000 in fiscal year ending June 30, 2024, and approximately $1,164,000 in fiscal year ending June 30, 2025, as related to the College's Revenue Bonds, Series of 2001 and 2013 S1 pursuant to associated letter of credit agreements. Scheduled debt service on the Revenue Bonds Series of 2001 includes $300,000 principal due in fiscal year ending June 30, 2024, with the remaining $2,600,000 balance payable thereafter. Scheduled debt service on the Bond Series of 2013 S1 includes varying payments of $970,000 to $1,120,000, beginning in fiscal year ending June 30, 2037, through fiscal year ending June 30, 2044.

8. Note Payable

In January 2017, the College purchased three properties for a total of $1,050,000. The College paid the seller $305,000 at the time of closing and signed a promissory note without interest for the remaining $745,000. The note will be repaid over a term of nine years as follows: eight consecutive annual installments of $55,000, each payable on the 24th day of January of each year commencing on January 24, 2018 and one final installment in the amount of $305,000 payable on January 24, 2026. At June 30, 2024 and 2023, there was $360,000 and $415,000, respectively, outstanding on this arrangement.

9. Revolving Line of Credit

The College has a $6,000,000 line of credit, secured by real estate, with a local bank. Interest is paid monthly at the SOFR rate plus 2.5%, 7.87% at June 30, 2024. Borrowings at June 30, 2024 and 2023 were $5,000,000 and $570,450, respectively. The line of credit matures on February 26, 2025.

10. Other Current Liabilities

Other current liabilities at June 30, 2024 and 2023 are as follows (in thousands):

	2024	2023
Deferred revenue	$ 4,355	$ 4,444
Accrued vacation and sick pay	833	886
Other	915	741
Accrued payroll and related expenses	656	620
Student deposits	332	339
Accrued interest payable	207	216
Total	$ 7,298	$ 7,246

11. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2024	2023
Time restricted:		
Restricted by donors for plant purposes	$ 4,715	$ 4,565
Accumulated unspent endowment earnings	(6,894)	(5,073)
Net assets related to certain charitable remainder trusts	3,552	2,817
Gift annuities	235	237
Other	319	309
Purpose restricted:		
Assets held in perpetuity	61,216	58,066
Net assets related to certain charitable remainder trusts	2,261	2,213
Gift annuities	618	616
Restricted pledges	836	537
Beneficial interest in perpetual trusts	486	469
Total	$ 67,344	$ 64,756

During the course of the year, net assets whose use by the College was subject to donor-imposed restrictions were fulfilled by actions of the College pursuant to those restrictions, the expiration of time or the designation of law. These assets are shown in the statements of activities as net assets released by satisfaction of program restrictions and consisted of the following as of June 30, 2024 and 2023, respectively:

	2024	2023
Endowment spending policy	$ 4,337	$ 4,145
Capital purchases	470	386
Scholarships and academics	271	271
Total	$ 5,078	$ 4,802

12. Endowment Funds

The College's endowment consists of in excess of 500 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the College has developed a policy requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation of Pennsylvania Law, the College classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the College and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the College

(7) The investment policies of the College

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that equal or exceed the spending rate plus inflation over a market cycle and the average return of appropriate capital market indices weighted by the asset allocation target percentages (as defined below) over rolling five year periods.

Asset Allocation Targets and Ranges

	Target Asset Mix Table 1		
	Target Allocation	Allowable Range	Representative Index
Global (except U.S.) Equity	50.0 %	35-75 %	MSCI ACWI
Hedged Equity	5.0	0-15	HFRI Equity Hedge
Absolute Return Hedge Funds	15.0	5-20	HFRI FoF Conservative
Real Assets	8.0	0-15	Bloomberg Commodity / MSCI World Nat. Resources
Private Equity/Venture Capital	6.0	0-5	Wilshire 5000 Total Market
Fixed Income/Cash	16.0	5-25	BC Aggregate Bond / BofA ML 91-Day T-bills

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The College has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the College considered the long-term expected return and growth of its endowment. The objective of the endowment is to ensure that the future growth of the fund, through new gifts and investment return, is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the fund, while providing a predictable and stable stream of earnings for current use.

Changes in endowment net assets for the years ended June 30, 2024 and 2023 consist of the following (in thousands):

	2024		
	Without Donor Restriction	**With Donor Restriction**	**Total**
Endowment net assets, beginning of year	$ 123,002	$ 52,979	$ 175,981
Investment return, investment income	277	1,261	1,538
Net appreciation (realized and unrealized)	22,457	2,817	25,274
Total investment return	22,734	4,078	26,812
Contributions/designations	-	2,306	2,306
Appropriation of endowment for plant expenditure and other advances, net	(403)	-	(403)
Appropriation of endowment assets for expenditure	(8,473)	(5,078)	(13,551)
Endowment net assets, end of year	$ 136,860	$ 54,285	$ 191,145

	2023		
	Without Donor Restriction	**With Donor Restriction**	**Total**
Endowment net assets, beginning of year	$ 131,291	$ 51,822	$ 183,113
Investment return, investment income	161	1,091	1,252
Net appreciation (realized and unrealized)	15,974	2,315	18,289
Total investment return	16,135	3,406	19,541
Contributions/designations	-	2,168	2,168
Appropriation of endowment for plant expenditure and other advances, net	(15,875)	-	(15,875)
Appropriation of endowment assets for expenditure	(8,549)	(4,417)	(12,966)
Endowment net assets, end of year	$ 123,002	$ 52,979	$ 175,981

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. There were five deficiencies of this nature as of June 30, 2024. The fair value of these funds is $(73,000) with a cost basis of $233,000 resulting in a deficiency of $306,000. There were ten deficiencies of this nature as of June 30, 2023. The fair value of these funds is $880,400 with a cost basis of $1,360,000 resulting in a deficiency of $479,600.

13. Functional and Natural Classifications of Expenses

The tables below present expenses by both their nature and their function, as follows (in thousands):

	Year Ended June 30, 2024							
	Instruction	Academic Support	Student Services	Institutional Support	Fundraising Activities	Auxiliary Enterprises	Operations and Maintenance	Total
Salaries and wages	$ 7,955	$ 808	$ 3,437	$ 3,329	$ 1,029	$ 2,670	$ 536	$ 19,764
Employee benefits	2,805	248	1,178	1,040	406	1,093	192	6,962
Supplies, services and other	1,048	2,683	3,535	3,676	320	3,369	107	14,738
Occupancy, utilities and maintenance	-	-	-	-	-	1,053	2,406	3,459
Depreciation	56	34	2	15	-	267	5,529	5,903
Interest on indebtedness	477	2	318	4	-	825	316	1,942
	12,341	3,775	8,470	8,064	1,755	9,277	9,086	52,768
Operations and maintenance	5,031	1,211	1,887	307	-	650	(9,086)	-
Total expenses	$ 17,372	$ 4,986	$ 10,357	$ 8,371	$ 1,755	$ 9,927	$ -	$ 52,768

	Year Ended June 30, 2023							
	Instruction	Academic Support	Student Services	Institutional Support	Fundraising Activities	Auxiliary Enterprises	Operations and Maintenance	Total
Salaries and wages	$ 7,790	$ 924	$ 3,320	$ 3,169	$ 961	$ 2,505	$ 846	$ 19,515
Employee benefits	2,959	247	1,269	959	304	990	327	7,055
Supplies, services and other	1,152	2,680	3,675	3,684	329	3,331	102	14,953
Occupancy, utilities and maintenance	-	-	-	-	-	1,109	2,387	3,496
Depreciation	63	46	2	17	-	286	4,702	5,116
Interest on indebtedness	368	2	308	3	-	837	119	1,637
	12,332	3,899	8,574	7,832	1,594	9,058	8,483	51,772
Operations and maintenance	4,681	1,113	1,765	337	-	587	(8,483)	-
Total expenses	$ 17,013	$ 5,012	$ 10,339	$ 8,169	$ 1,594	$ 9,645	$ -	$ 51,772

The statements of activities present expenses by functional classification. Certain operating and maintenance expenses, primarily interest and depreciation expense, are allocated based on building square footage by functional area (i.e., instruction, academic support, student services, institutional support and auxiliary expenses) as a percentage of total square footage of all buildings/area campus wide.

14. Benefit Plans

The College has a defined contribution retirement plan for academic and nonacademic personnel who have completed 1,000 hours of service. Benefits are provided by annuities issued by the Teachers Insurance and Annuity Association (TIAA). Annual contributions by the College are based on either 8% or 9% of participating employees' salaries or wages, depending on the level of contribution by each participant and 3% of noncontributing employees' salaries or wages. The College's contributions to this plan amounted to approximately $1,433,000 in 2024 and $1,398,000 in 2023.

The College established the Emeriti Retiree Health Plan, also a defined contribution plan, in 2006 and contributes annual premiums of $190 for each eligible participant into a trust. The plan provides retired employees with health insurance options designed to integrate with Medicare and provides reimbursement of qualified medical expenses. College contributions, which totaled approximately $13,000 in 2024 and $40,000 in 2023, are made for full-time employees with a minimum age of 40 and continue for a maximum period of 25 years or upon retirement or termination of employment, whichever occurs first. On May 12, 2022, the Executive Committee of the Board of Trustees made the decision to terminate the Emeriti Plan. Effective November 1, 2023, all assets remaining in the Emeriti Plan were distributed to the participants, subject to the applicable requirements of ERISA and in accordance with the provisions of the plan document, with the exception of certain immaterial balances remaining in a forfeiture account.

15. Student Financial Assistance

Certain students of the College were recipients of Pennsylvania Higher Education Assistance Act and Pell grants (Student Financial Assistance) totaling approximately $3,801,000 in 2024 and $3,647,000 in 2023. The grants are similar to agency funds because the College acted only as a custodian and disbursing agent for these funds.

16. Cash Concentrations

The College maintains its cash accounts in various financial institutions. Portions of the College's cash balances may exceed Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC) coverage limits of up to $250,000. Management considers these excesses to be normal business risks.

17. Commitments and Contingencies

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

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

18. Income Taxes

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

The College accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined that there were no tax uncertainties that met the recognition threshold in fiscal years 2024 and 2023.

19. Contributed Nonfinancial Assets

For the years ended June 30, contributed nonfinancial assets recognized within the statements of activities included:

	2024	2023
Other	$ 37	$ 9

The College recognized contributed nonfinancial assets within revenue, during the fiscal years ended June 30, 2024 and 2023. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

20. Related-Party Transactions

The College has transactions with entities which members of the Board of Trustees have relationships as owners or officers. All of these amounts are included in operating expenses in the statements of activities. The College engaged in the following related party transactions:

- The College paid compensation for an administrative role to the spouse of the President of the College of $25,000 for both years ended June 30, 2024 and 2023. No other benefits were earned or paid.
- The College paid legal and professional fees to a firm, which has a principal who is a member of the Board. Fees paid were approximately $18,777 and $32,806 for the years ended June 30, 2024 and 2023, respectively.
- The College paid professional fees to the local healthcare system, which has a principal who is a member of the Board. Fees paid for physician services, athletic training services and psychiatry services were approximately $124,783 and $77,016 for the years ended June 30, 2024 and 2023, respectively.
- The College paid fees for equipment rental to a local company for assistance with ongoing capital projects, which has a principal who is a member of the Board. Fees paid were approximately $4,000 and $4,284 for the years ended June 30, 2024 and 2023, respectively.

The College has an arms-length relationship with another nonprofit entity, the Lycoming Biology Field Station, wherein the principals involved are members of the College's senior administration. The College's investment in the Field Station was approximately $314,000 and $276,000 for the years ended June 30, 2024 and 2023.

Contributions made by members of the Board of Trustees and officers of the College totaled approximately $525,744 and $336,412 for the years ended June 30, 2024 and 2023, respectively. Outstanding contributions receivable for the said related parties totaled approximately $385,946 and $622,900 for the years ended June 30, 2024 and 2023, respectively.

21. Subsequent Event

In September 2024, the College was awarded a three-year, $400,000 grant through the U.S. Department of Justice, Office on Violence Against Women.