

# Independent Auditor's Report and Financial Statements

June 30, 2023 and 2022





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Board of Trustees Wabash College Crawfordsville, Indiana

### Opinion

We have audited the financial statements of Wabash College (College), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Wabash College, as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

FORVIS, LLP

Indianapolis, Indiana January 17, 2024

Cash	8,012,443	\$ 8,336,695
Accounts re	605,404	602,697
Prepaid exp Contributio	495,142 17,303,196	1,094,512 23,911,341
Student loa	17,303,190	23,911,341
doubtful a	2,954,410	3,395,640
Investments	388,878,672	385,308,925
Cash surren	2,498,006	2,619,495
Charitable	23,300,603	26,165,017
Property an	125,700,955	126,792,567
Right-of-us	291,547	-
Beneficial i	9,510,937	8,613,166
	\$ 579,551,315	\$ 586,840,055
Accounts paya	\$ 715,456	\$ 1,670,240
Long-term deb	35,566,000	38,397,600
Capital lease	,	427,356
Finance lease li	322,320	-
Accumulated po	4,616,125	5,392,058
Annuities and tru	4,874,399	4,755,528
Total	46,094,300	50,642,782
Without donor restrictions	251,148,755	249,765,061
With donor restrictions	282,308,260	286,432,212
Total net assets	533,457,015	536,197,273
Total liabilities and net assets	\$ 579,551,315	\$ 586,840,055

			-
Revenues, Income and Other Support			
Net tuition revenue	\$ 10,277,457		\$ 10,277,457
Auxiliary services	10,148,536		10,148,536
Investment return designated for current operations	8,968,260	10,194,849	19,163,109
Contributions, gifts and bequests	5,730,427	10,108,280	15,838,707
Government and other grants	1,107,435	10,100,200	1,107,435
C C	1,107,435	-	
Change in value of split-interest agreements Other income	-	(373,211)	(373,211)
Other moothe	2,600,780	134,525	2,735,305 58,897,338
Not proto tologood from rootrictions	38,832,895	20,064,443	56,697,556
Net assets released from restrictions	25,485,996	(25,485,996)	-
Total revenues, income and other support	64,318,891	(5,421,553)	58,897,338
Expenses			
Instruction	11,905,723	-	11,905,723
Research	2,440,026	-	2,440,026
Public service	3,243,374	-	3,243,374
A cademic support and library	4,061,566	-	4,061,566
Student services	10,117,302	-	10,117,302
Management and general	6,439,217	-	6,439,217
Fundraising	2,474,237	-	2,474,237
Auxiliary services	4,690,111	-	4,690,111
Operations and maintenance	8,946,266	-	8,946,266
Interest expense	922,112	-	922,112
Depreciation expense	5,161,023	-	5,161,023
Total expenses	60,400,957	-	60,400,957
Change in Net Assets Before Other Changes	3,917,934	(5,421,553)	(1,503,619)
Other Changes			
Investment return greater (less) than amounts			
designated for current operations	(1,971,889)	1,297,601	(674,288)
Defined-benefit postretirement health plan - net			
gain arising during the period	659,191	-	659,191
Amortization of net (gain) loss included in net			
periodic pension costs	(76,952)	-	(76,952)
Amortization of prior service credit included			
in net periodic pension cost	(1,144,590)		(1,144,590)
Change in Net Assets	1,383,694	(4,123,952)	(2,740,258)
Net Assets, Beginning of Year	249,765,061	286,432,212	536,197,273
Net Assets, End of Year	\$ 251,148,755	\$ 282,308,260	\$ 533,457,015

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$\begin{array}{c ccccccccccccccccccccccccccccccccccc$			
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	\$ 10,498,178	\$-	\$ 10,498,178
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	9,548,703	-	9,548,703
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	8,625,627	9,354,752	17,980,379
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	2,613,209	32,423,370	35,036,579
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	2,498,521	-	2,498,521
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	(3,140,272)	(3,140,272)
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	1,583,678	51,740	1,635,418
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	35,367,916	38,689,590	74,057,506
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	17,800,394	(17,800,394)	-
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	 53,168,310		74,057,506
$\begin{array}{cccccccccccccccccccccccccccccccccccc$			
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	11,994,614	-	11,994,614
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	2,178,199	-	2,178,199
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	2,631,727	-	2,631,727
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	3,884,762	-	3,884,762
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	11,347,488	-	11,347,488
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	5,357,033	-	5,357,033
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	2,542,880	-	2,542,880
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	4,702,687	-	4,702,687
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	8,983,475	-	8,983,475
$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	1,058,374	-	1,058,374
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	 5,285,719	-	 5,285,719
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	59,966,958	-	59,966,958
2,306,158 - 2,306,158   248,164 - 248,164   (1,144,590) - (1,144,590)   (22,920,013) 1,285,716 (21,634,297)   272,685,074 285,146,496 557,831,570	(6,798,648)	20,889,196	14,090,548
248,164 - 248,164   (1,144,590) - (1,144,590)   (22,920,013) 1,285,716 (21,634,297)   272,685,074 285,146,496 557,831,570	(17,531,097)	(19,603,480)	(37,134,577)
(1,144,590) - (1,144,590)   (22,920,013) 1,285,716 (21,634,297)   272,685,074 285,146,496 557,831,570	2,306,158	-	2,306,158
(22,920,013)1,285,716(21,634,297)272,685,074285,146,496557,831,570	248,164	-	248,164
272,685,074 285,146,496 557,831,570	 (1,144,590)		 (1,144,590)
	(22,920,013)	1,285,716	(21,634,297)
\$ 249,765,061 \$ 286,432,212 \$ 536,197,273	 272,685,074	285,146,496	 557,831,570
	\$ 249,765,061	\$ 286,432,212	\$ 536,197,273

Salaries and wages	\$ 8,936,855	\$ 1,464,607	\$ 876,975	\$ 1,609,3
Employee benefits and taxes	2,064,862	338,398	202,625	371,8
Postage, marketing and media	142,830	71,336	59,386	894,4
Professional services and fees	86,232	60,726	765,920	304,6
Travel and training	177,824	226,561	426,845	676,0
Sporting, theater, and other events	420,902	198	960	8,1
Repairs and maintenance	2,464,014	33,963	52,504	666,5
Utilities	102			



Salaries and wages	¢	8,790,183	¢	1,379,085	\$	694,349	¢	1,549,							
	φ		φ		φ		φ								
Employee benefits and taxes		1,944,552		305,079		153,603		342,7							
Postage, marketing and media		141,404		64,929		84,707		990,89							
Professional services and fees		71,794		61,620		726,156		206,63							
Travel and training		133,553		178,864		333,246		420,82							
Sporting, theater, and other events		379,855		-		792		2,63		32	1				
Repairs and maintenance		2,467,771		34,981		34,955		658,15		96,098					
Utilities		-		75		3,502		1,376		127,477		139,030			2,171
Equipment		35,165		22,962		69,535		150,174	400,900	45,253		780,027	216,448	33,001	1,029,556
Insurance		-		-		250		-	121,960	-		122,210	550,092	-	672,302
Interest		347,392		-		-		-	401,870	270,279		1,019,541	38,833	-	1,058,374
Depreciation		1,263,537		58,127		58,126		344,679	1,400,120	2,023,941		5,148,530	134,286	2,903	5,285,719
Room and board expenses		-		-		-		-	23	3,915,483		3,915,506	-	-	3,915,506
Cost of goods sold		-		-		-		-	-	439,096		439,096	-	-	439,096
Miscellaneous expenses		54,462		115,301		485,756		96,307	 1,254,041	 7,506		2,013,373	 263,945	 22,958	 2,300,276
	\$	15,629,668	\$	2,221,023	\$	2,644,977	\$	4,763,743	\$ 15,123,254	\$ 10,406,110	\$	50,788,775	\$ 7,048,015	\$ 2,130,168	\$ 59,966,958

Operating Activities		• (• ( • • • • • • • • • • • • • • • •
Change in net assets	258)	\$ (21,634,297)
Items not requiring (providing) cash flows		/ -
Depreciation	5,161,023	5,285,719
Net realized and unrealized (gains) losses on investments	(11,861,057)	33,045,377
Actuarial (gain) loss on annuity and trust obligations	118,871	(1,607,147)
Change in value of split-interest agreements	2,864,414	2,680,385
(Gain) loss on beneficial interest in perpetual trusts	(897,771)	1,521,319
Loss disposal of property and equipment	-	215,330
Change in value of interest rate swap agreement	-	(192,392)
Noncash gifts of real estate and marketable securities	(5,190,878)	(1,961,093)
Contributions restricted for long-term investment	(9,674,284)	(9,674,284)
Contributions restricted for property and equipment	(4,146,482)	(4,146,482)
Changesin		
Receivables	438,523	955,106
Prepaid expenses, cash surrender value of life insurance and other	720,859	(435,833)
Contributions receivable	6,608,145	(8,383,910)
Accounts payable and accrued expenses	(954,784)	(1,301,407)
Postretirement benefit obligation	(775,933)	(2,524,000)
Net cash used in operating activities	(20,329,612)	(8,157,609)
		(-, -,,
Investing Activities		
Purchase of property and equipment	(4,360,958)	(2,725,819)
Purchase of investments	(145,334,601)	(260,006,708)
Proceeds from disposition of investments	158,816,789	270,036,290
Net cash provided by investing activities	9,121,230	7,303,763
Net cash provided by investing activities	5,121,200	7,000,700
Financing Activities		
Proceeds from contributions restricted for		
Investment in endowment	9,674,284	9,674,284
Acquisition of property and equipment	4,146,482	4,146,482
Payments on long-term debt	(2,831,600)	(23,434,329)
	(2,031,000)	
Proceeds from issuance of long-term debt	-	15,500,000
Payments on finance lease liabilities	(105,036)	-
Net cash provided by financing activities	10,884,130	5,886,437
Increase (Decrease) in Cash	(324,252)	5,032,591
	· · · · ·	
Cash, Beginning of Year	8,336,695	3,304,104
Cash, End of Year	\$ 8,012,443	\$ 8,336,695
Supplemental Cash Flows Information		
Interest paid	\$ 569,800	\$ 658,470

### Nature of Operations

Wabash College (College) was founded in 1832 as an advance of the nonsectarian, liberal arts college for men. The mission of the College is to educate then to think critically, act responsibly, lead effectively, and live humanely. This is accomplished through excellence in teaching and learning within a community built on close and caring relationships among students, faculty, and staff. The College's revenues and other support are derived principally from student tuition and fees, contributions, and investment income.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

### Cash

Interest-bearing and noninterest-bearing transaction accounts are subject to a \$250,000 limit on FDIC insurance per covered institution. At June 30, 2023, the College's cash accounts exceeded federally insured limits by approximately \$7,817,000.

### Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividends, interest, and realized and unrealized gains and losses on investments.

The College also invests in certain real estate, venture capital, private equity and hedge funds, and natural resource and distressed debt funds, which are primarily held through limited partnerships. As discussed later in these notes, the College uses net asset value as a practical expedient to estimate the fair value of these funds. Because these investments are not readily marketable and may be subject to withdrawal restrictions, their estimated value is subject to uncertainty and, therefore, may materially differ from the value that would have been used had a ready market for such investments existed.

The College maintains pooled investment accounts for its endowment. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as of December 31 of the prior year.

The College has significant investments in stocks, bonds and n to market, credit and interest-rate risk. Investments are made the College, and the investments are monitored by mana Committee and an outside investment advisor. Alth fluctuations on a year-to-year basis, management belilong-term welfare of the College and its constituents. and is therefore subject int managers engaged by lege's Investment Policy of investments is subject to atment policy is prudent for the

### Accounts Receivable

Student accounts receivable are stated at the amount of consideration from students, of which the College has an unconditional right to receive. The College provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Student and fraternity accounts receivable are ordinarily due on August 1 and December 31 of each year for the fall and spring semesters, respectively. Accounts past due more than one semester are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the student.

### **Property and Equipment**

Expenditures of \$10,000 or more for property and equipment and which substantially increase the useful lives of existing assets are capitalized at cost. The College provides for depreciation on the straight-line method at rates designed to depreciate the cost of assets over estimated useful lives as follows:

Buildings	25-50
Machinery and equipment	3-10
Vehicles	5-8

### Long-Lived Asset Impairment

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

No asset impairment was recognized during the years ended June 30, 2023 and 2022.

### **Net Assets**

Net assets, revenues, gains and imposed restrictions. Net asset operations and are not subject t restrictions is represented by a subject to donor-imposed restri such as those that will be met b donor-imposed restrictions are maintained in perpetuity. ance or all le for use let assets ets with d ns are tem becified b pulates th

### Contributions

Contributions are provided to the donor. Revenues and net as or without donor restrictions. T

Conditional gifts, with or without restriction

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

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the levelyield method. When a donor stipulated time restriction ends or purpose restriwith donor restrictions are reclassified to net assets without of statements of activities as net assets released from restrict for the period of time that long-lived assets must be land, buildings, equipment and other long-lived assets service. mplished, net assets ons and reported in the explicit donor stipulations of restrictions for gifts of when those assets are placed in

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

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

### Collections

The College's collections, which were acquired through purchases and contributions since the College's inception, are not recognized as assets in the Statements of Financial Position. Purchases of collection items are reported in the year of acquisition as decreases in net assets without donor restrictions, or in net assets with donor restrictions if the assets used to purchase the items were restricted to that use by donor stipulation. Contributions of collection items are not reported in the financial statements. Proceeds from deaccessions or insurance recoveries related to collection items are reported as increases in the appropriate net asset classes.

The College's collections consist primarily of books, artwork, and scientific artifacts. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from the disposition of collection items to be used to acquire other collection items.

### In-Kind Contributions

In addition to receiving cash contributions, the College receives in-kind contributions of marketable securities and real estate from various donors. It is the policy of the College to record the estimated fair value of certain in-kind donations as an asset or expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended June 30, 2023 and 2022, approximately \$5,190,878 and \$1,972,135, respectively, was received in in-kind contributions.

### **Government Grants**

Support funded by state and federal grants is recognized as the contracted services are performed or as outlays for eligible reimbursement under the grant agreements are incurred. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

### Income Taxes

The College is exempt from income taxes under Sections similar provision of state law. However, the College any unrelated business taxable income. The College for state jurisdictions for tax purposes.

arnal Revenue Code and a deral and state income taxes on arns in the appropriate federal and

### Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses also present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general institutional, and fund raising categories based on the square footage of the College's facilities, estimates of time spent by College personnel and similar methods.

### Self-Insurance

The College has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The College has purchased insurance that limits its exposure for individual claims to \$130,000 with an additional \$50,000 in total of all claims in excess of \$130,000 and that limits its aggregate exposure to \$3,913,250.

### Subsequent Events

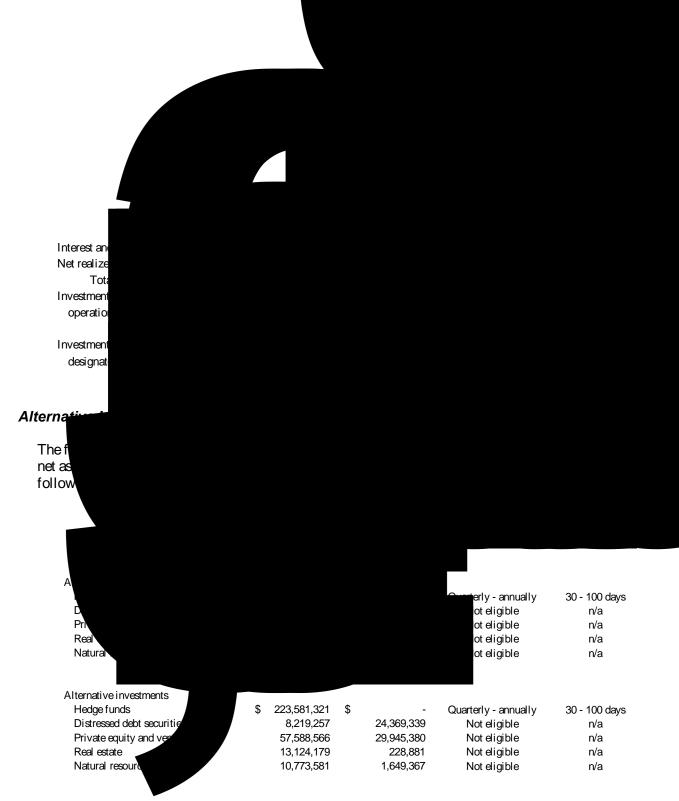
Subsequent events have been evaluated through January 17, 2024, which is the date the financial statements were available to be issued.

Investments at June 30 consisted of the following:

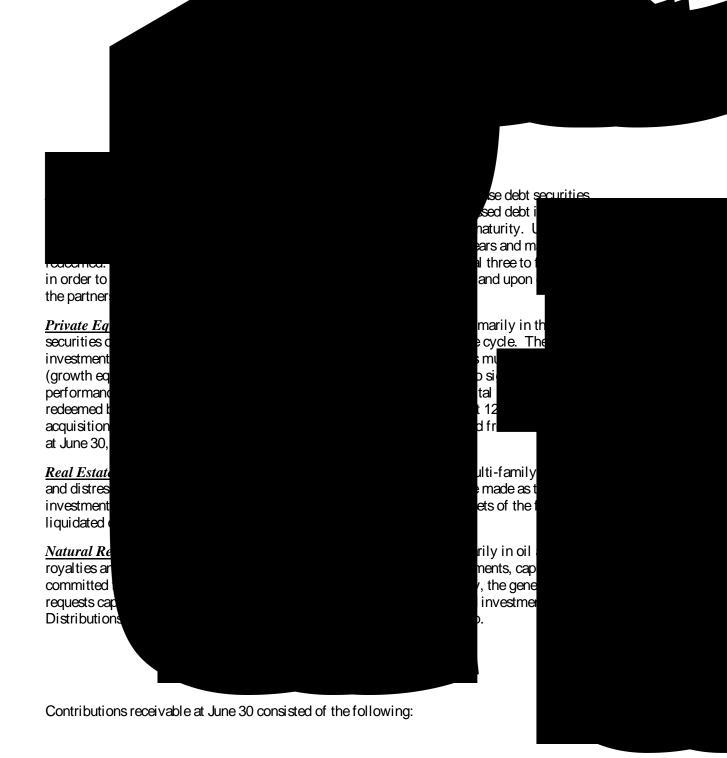
- Cash equivalents Domestic common stocks Large cap Mid cap Small cap Foreign common stocks Governmental securities Fixed income securities/funds
- Alternative investments Hedge funds Distressed debt securities Private equity and venture capital Real estate Natural resources

The following schedules summarize the investment return an activities.

Interest and dividend income	\$ 3,101,768	\$ 3,525,996	\$ 6,627,764
Net realized and unrealized gains	3,894,603	7,966,454	11,861,057
Total investment return Investment return designated for current	6,996,371	 11,492,450	 18,488,821
operations	 (8,968,260)	 (10,194,849)	 (19,163,109)
Investment return greater (less) than amounts designated for current operations	\$ (1,971,889)	\$ 1,297,601	\$ (674,288)

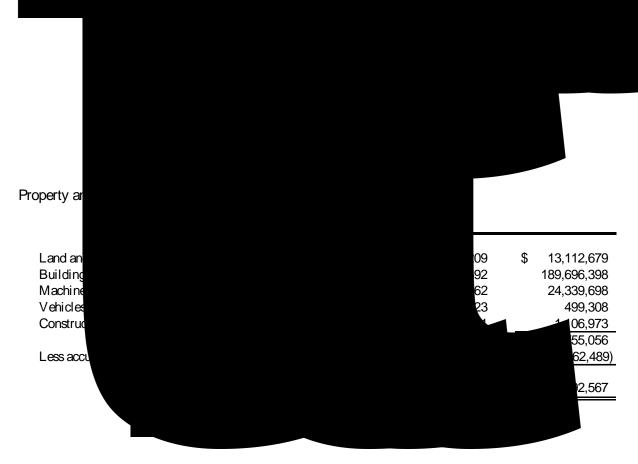


<u>Hedge Funds</u> includes investments in hedge funds that take both long and short positions across asset classes. Management of the funds has the ability to shift investments among differing investment strategies. The remaining restriction period for these investments ranged from six to twelve months at June 30, 2023.



Due within one year	\$ 12,025,972	\$ 9,190,367
Due in one to five years	6,848,229	11,441,339
Due after five years	877,850	6,327,586
	 19,752,051	26,959,292
Less:		
Allowance for uncollectible contributions	(1,222,905)	(1,506,667)
Unamortized discount	 (1,225,950)	 (1,541,284)
	\$ 17,303,196	\$ 23,911,341

Discount rates ranged from 3.56% to 4.43% for 2023 and 0.43% to 3.25% for 2022.



### Charitable Remainder Trusts Held by Others

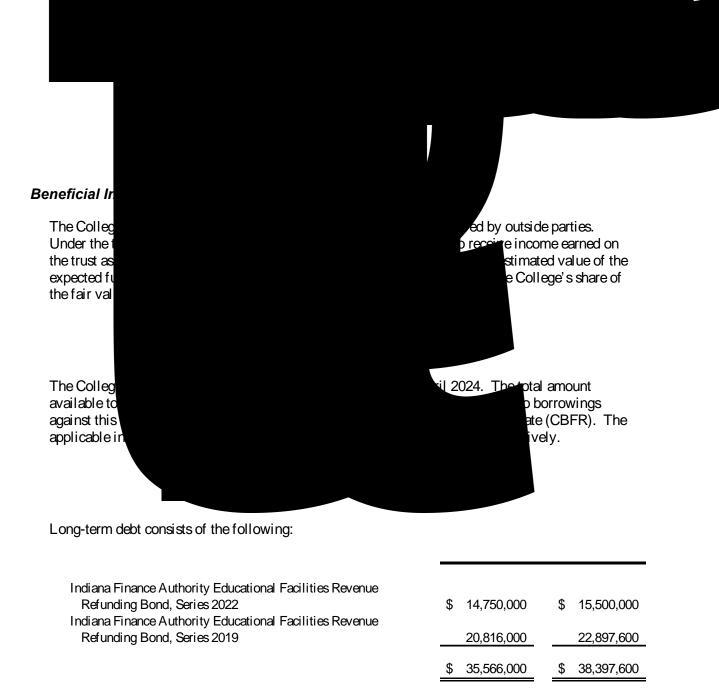
The College is the beneficiary under various charitable remainder trusts for which it is not the trustee. The College's beneficial interest in these trusts is recorded at fair value, measured by the present value of the estimated expected future benefits to be received when the trust assets are distributed. At June 30, 2023 and 2022, the College's beneficial interest in remainder trusts administered by outside parties is \$14,676,907 and \$16,931,141, respectively. During the years ended June 30, 2023 and 2022, the College received no new contributions under remainder trusts held by others.

### Charitable Remainder Trusts Held by the College

The College is also the beneficiary under various charitable trusts for which the College is the trustee. At June 30, 2023 and 2022, the value of these trusts was \$8,623,696 and \$9,233,876, respectively. At June 30, the underlying investments in these trusts included the following:

Exchange - traded funds Other mutual funds	\$ 5,347,637 3,276,059	\$ 5,013,549 4,220,327
	\$ 8,623,696	\$ 9,233,876

The College is also the beneficiary under various revocable trust agreements. The assets of these trusts are not included in the statements of financial position of the College, since the trusts are revocable at the discretion of the grantor.



On June 17, 2022, the College entered into a bond and loan agreement with the Indiana Finance Authority (Authority) and a financial institution whereby the Authority issued the Indiana Finance Authority Educational Facilities Revenue Bond, Series 2022 (the 2022 Bond) on behalf of the College, then sold the bond to the financial institution and loaned the proceeds of \$15,500,000 to the College. The College used the proceeds from the 2022 Bond to facilitate the acquisition, construction, furnishing and equipping of certain educational facilities, as well as to refund the outstanding 2015 bonds. The proceeds of the 2022 Bond were also used to fund the costs of issuance.

The 2022 Bond matures on January 2, 2036. Interest on the 20 day of each month commencing on July 1, 2022. The 2022 F 3.23% plus an applicable spread based on the reported rate funded debt (as defined in the bond and loan agreem between 0.00% and 0.30%. The interest rate in effect

terest at a fixed rate of ed cash and investments to itcable spread ranging 023 and 2022 was 3.23%.

On August 30, 2019, the College issued Series 2019 Boulds, which fully refunded the outstanding balance of the 2013 Bond. The interest rate swap related to the 2013 debt continued beyond the date of the refunding of the corresponding bonds and was subsequently terminated during fiscal year 2022. The 2019 Bonds were issued in the amount of \$29,142,000 and mature on February 1, 2037. Interest on the 2019 Bonds is due on the first business day of each month. The 2019 Bond bear interest at a rate of 2.53%.

On November 5, 2015, the College entered into a bond and loan agreement with the Indiana Finance Authority (Authority) and a financial institution whereby the Authority issued the Indiana Finance Authority Educational Facilities Revenue Bond, Series 2015 (the 2015 Bond) on behalf of the College, then sold the bond to the financial institution and loaned the proceeds of \$15,000,000 to the College. The College used the proceeds from the loan to facilitate the acquisition, construction, furnishing, and equipping of new student housing facilities and the remodeling, renovation, and improvement of an existing student housing facility. The proceeds of the 2015 Bond was refunded in full using proceeds from the 2022 Bond.

The 2022 Bond and 2019 Bonds are collateralized by substantially all of the College's assets and are subject to certain covenants, including a requirement to maintain a ratio of unrestricted cash and investments to funded debt of at least 1.50 to 1.00 (as defined in the bond and loan agreement), tested annually as of the last day of each fiscal year.

On April 30, 2020, the College entered into a promissory term note for \$10 million, the proceeds of which were used to provide working capital, liquidity and construction of the new Little Giants Stadium. This note was to mature December 31, 2022. The College paid \$5,000,000 toward this promissory note on October 18, 2021, in exchange for a term loan with a final maturity date of December 31, 2022. The College paid the outstanding balance of this note in full in March 2022.

Aggregate annual maturities and sinking fund requirements of long-term debt at June 30, 2023 are:

2024	\$ 3,216,215
2025	3,216,215
2026	3,216,215
2027	3,216,215
2028	3,216,215
Thereafter	19,484,925
	\$ 35,566,000

# Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, Le 842). This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) a super on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, i.e., the comparatives under ASC 840 option.

The College adopted Topic 842 on July 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The College elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The College has lease agreements with nonlease components that relate to the lease components. The College elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all leases. Also, the College elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. The College did not elect the hindsight practical expedient in determining the lease term for existing leases as of July 1, 2022.

# Accounting Policies

The College determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The College determines lease classification as operating or finance at the lease commencement date.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs. prepaid or deferred rent, and lease incentives. The College uses the implicit rate when readily determinable.

The lease term may include options to extend or to terminate the lease that the College is reasonably certain to exercise. The College has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

### Nature of Leases

The College has entered into the following lease arrangements

### Finance Lease

This lease consists of equipment. Termination of the lease agreement.

### All Leases

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

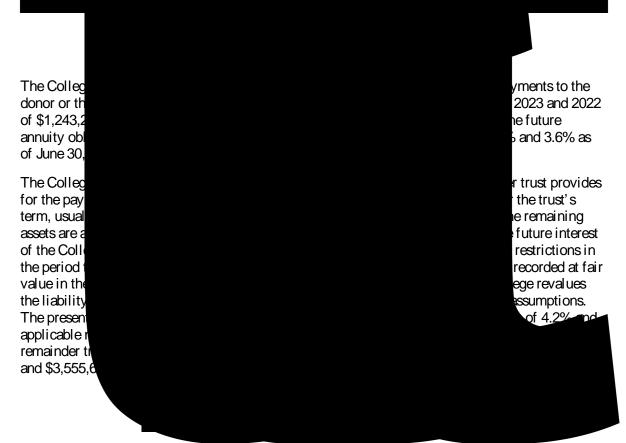
### **Quantitative Disclosures**

The lease cost and other required information for the year ended June 30, 2023 are:

\$ 106,017 11,071
\$ 117,088
\$ 105,036 2.25 years 2.85%

Future minimum lease payments and reconciliation to the statement of financial position at June 30, 2023, are as follows:

2024	\$ 116,108
2025	116,108
2026	104,800
	 337,016
A mounts representing interest	 (14,696)
	\$ 322,320

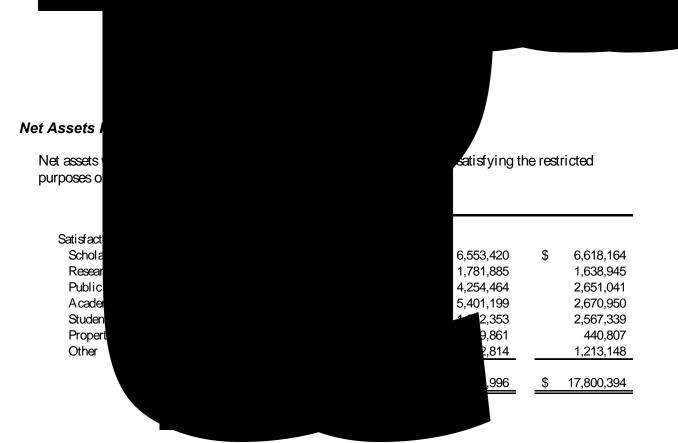


### **Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

Subject to expenditure for specified purpose		
Scholarships	\$ 1,139,117	\$ 1,321,750
Research (including Center for Inquiry)	5,182,538	6,200,398
Public service (including Wabash Center)	8,754,410	11,295,209
A cademic support and library	725,222	889,829
Student services	638,560	1,032,166
Capital projects	7,729,104	2,725,974
Other	757,066	2,942,812
Subject to the passage of time	28,691,547	38,029,121
Non-endowed funds		
Scholarships	19,363,639	18,608,284
General operations of the College	11,787,277	12,566,144
Loans	307,252	305,252

Endowments				
Subject to appropriation and expenditure when a				
specified event occurs				
Scholarships	\$	68,015,077	\$	63,124,
Research	Ψ	2,534,912	Ψ	1,421
Public service		47,685		1, <del>4</del> 21
Academic support and library		11,326,762		11,0
Student services		10,066,710		9.
Administration		366,319		366,319
Endowed chairs		25,813,634		24,661,895
General operations of the College (General endowment)		23,362,321		23,239,292
Capital projects		615,255		609,255
Loans		302,054		302,054
Loais		142,450,729		134,253,356
Subject to endowment expending policy and expropriation		142,400,729		134,233,330
Subject to endowment spending policy and appropriation Scholarships		26,000,227		26 295 962
Research		26,089,227		26,385,862
Public service		972,342		594,271
		18,291		19,932
Academic support and library		5,414,719		5,790,814
Student services		3,861,389		3,936,106
Administration		140,513		153,120
Endowed chairs		8,193,999		8,447,805
General operations of the College (General endowment)		9,740,357		10,553,081
Capital projects		235,100		254,667
Loans		115,862		126,259
		54,781,799		56,261,917
Total endowments		197,232,528		190,515,273
	\$	282,308,260	\$	286,432,212
	<u> </u>	,000,200	_	



The College's pooled endowment consists of approximately 400 individual funds established for a variety of purposes. The pooled endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with pooled endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The College's Board of Trustees has interpreted the State of Indiana's Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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, when reviewing its donor-restricted endowment funds, the College considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The College has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with SPMIFA, the College co determination to appropriate or accumulate donor-restricte

- 1. Duration and preservation of the fund
- 2. Purposes of the College and the fund
- 3. General economic conditions
- 4. Possible effect of inflation and deflation
- Expected total return from investment incom investments
- 6. Other resources of the College
- 7. Investment policies of the College

The composition of net assets by type of pooled endowme

Donor-restricted endowment funds	
A mounts required to be maintained in	
perpetuity	
Accumulated investment gains	
Board-designated endowment funds	_
Total pooled endowment funds	

	173,502
\$	173,502

Donor-restricted endowment funds Amounts required to be maintained in			
perpetuity	\$ -	\$ 134,253,356	\$ 134,253,356
Accumulated investment gains	-	56,261,917	56,261,917
Board-designated endowment funds	 175,666,183	 	 175,666,183
Total pooled endowment funds	\$ 175,666,183	\$ 190,515,273	\$ 366,181,456

\$

Changes in endowment net assets for the years ended June

Endowment net assets, June 30, 2021	\$ 19)	\$ 200,221,309	\$ 3	397,562,517
Investment return	(9,499,015)	(9,075,304)		(18,574,319)
Contributions received and board designations	-	8,425,724		8,425,724
Appropriation of endowment assets				
for expenditure	(8,625,627)	(9,354,752)		(17,980,379)
Other changes to endowment funds	 (3,550,383)	 298,296		(3,252,087)
Endowment net assets, June 30, 2022	175,666,183	190,515,273	3	366,181,456
Investment return	7,468,790	7,271,757		14,740,547
Contributions received and board designations	2,750	8,680,249		8,682,999
Appropriation of endowment assets				
for expenditure	(8,968,260)	(10,194,849)		(19,163,109)
Other changes to endowment funds	(666,556)	960,098		293,542
Endowment net assets, June 30, 2023	\$ 173,502,907	\$ 197,232,528	\$ 3	370,735,435

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the College is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body. At June 30, 2023 and 2022, underwater endowment funds reported in net assets with donor restrictions were as follows:

Original gift values	\$ 36,240,945	\$ 33,184,987
Fair value of underwater funds	33,930,292	31,131,473
Underwater endowment funds	\$ (2,310,653)	\$ (2,053,514)

those asset specified p policies, er inflation, s investment return of a year may v

To satisfy i which inve dividends a a diversifie its long-ter

The Colleg average of 2023 and 2 is consister held in perp gifts and in endowment precluded by assets that attempt to orted by its endowment owment assets include and in perpetuity or for donorinds. Under the College's to produce results that exceed g a prudent level of e an average annual rate of . Actual returns in any given

h a total return strategy in vestment income such as realized). The College targets -based investments to achieve

of the twelve quarter moving ort operations. For fiscal year s endowment spending policy power of endowment assets onal real growth through new ending from underwater rwater, unless otherwise

The College provides noncontributory retirement plans through Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA/CREF), a national organization used to fund retirement benefits for educational institutions, and American Funds, a mutual fund company used to fund retirement benefits. These plans cover substantially all employees of the College.

The College makes monthly contributions to TIAA/CREF and American Funds to purchase individual annuities. Total amounts expensed in relation to these plans were \$1,915,684 and \$1,768,306 for 2023 and 2022, respectively.

The College sponsors a defined-benefit postretirement be non-salaried employees who meet the eligibility requisitions who meet the eligibility requisitions and the plan in fiscal year 2024. overs both salaried and ollege expects to contribute

The College uses a June 30 measurement date for this plan and information about the plan's funded status follows:

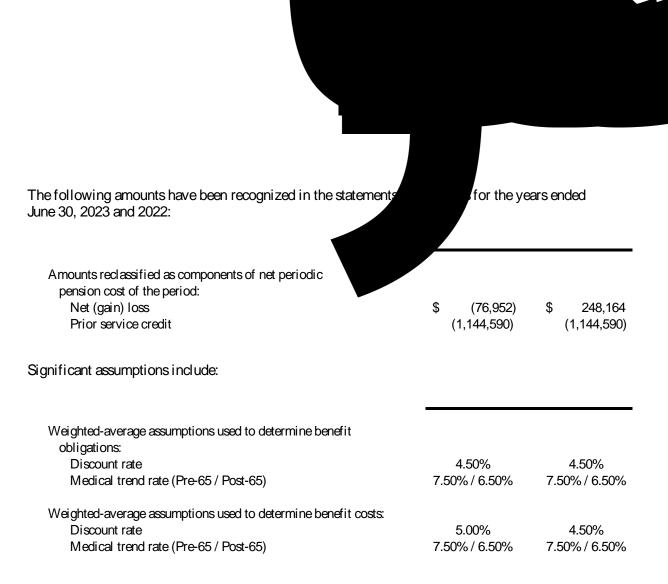
Benefit obligation	\$ 4,616,125	\$ 5,392,058
Funded status	\$ (4,616,125)	\$ (5,392,058)
Accumulated benefit obligation	\$ (4,616,125)	\$ (5,392,058)
Items not yet recognized as a component of net periodic benefit cost Net gain Prior service credit	\$ (1,352,301) (4,578,354)	\$ (770,062) (5,722,944)

A liability of \$4,616,125 and \$5,392,058 was recorded at June 30, 2023 and 2022, respectively, for the accumulated benefit obligation in excess of plan assets.

Other significant balances and costs are:

Benefit income	\$ (984,972)	\$ (678,838)
Employer contribution	353,312	435,430
Benefits paid	353,312	435,430

The estimated net gain and prior service credit that will be amortized into net periodic benefit cost over the next fiscal year are \$296,896 and \$1,144,590, respectively.



For measurement purposes, a 7.50% (pre-65) and 6.50% (post-65) annual rate of increase in the per capita cost of covered health care benefits was assumed for 2023 and an 8.00% annual rate was assumed for 2022.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30:

2024	\$ 343,577
2025	331,601
2026	346,481
2027	355,456
2028	349,193
2029 - 2033	1,759,639

Fair value is the price that would be received to sell and orderly transaction between market participants at the must maximize the use of observable inputs and minimeasuring fair value. There is a hierarchy of three level value: ansfer a liability in an ate. Fair value measurements of unobservable inputs when puts that may be used to measure fair

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2023. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

### Investments

*Domestic Common Stocks and Foreign Common Stocks:* Where quoted market prices are available in an active market, domestic and foreign common stocks are classified within Level 1 of the valuation hierarchy.

*Fixed Income Securities/Funds:* Where quoted market prices are available in an active market, fixed income securities/funds are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and are classified as Level 2.

Alternative Investments: As a practical expedient, fair value of alternative investments is determined using the net asset value (or its equivalent) supplied by the respective fund managers. Alternative investments are therefore classified within the Investments Measured at NAV of the valuation hierarchy.

### Charitable Remainder Trusts

The fair value of charitable remainder trusts held by effuture distributions expected to be received by the Collife expectancy tables and discount rates that approxin Due to the nature of the valuation inputs, the interest in classified within Level 3 of the hierarchy.

The fair value of the investments in charitable remaind quoted market prices available in active markets, and a hierarchy. The underlying securities of the charitable r primarily of domestic and foreign common stocks and

### **Beneficial Interest in Perpetual Trust**

Fair value is estimated at the present value of the future the term of the agreement, which approximates the fai are primarily held in marketable securities. Due to the classified within Level 2 of the hierarchy.

### **Recurring Measurements**

The following tables present the fair value measurem accompanying statements of financial position measu level within the fair value hierarchy in which the fair 2022.

	_	_		
Investments				
Cash equivalents	\$ 28,686,726	\$ 23,992,878		
Domestic common stocks				
Large cap	4,603,126	4,603,126		
Midcap	109,670	109,670		
Small cap	345,614	345,614		
Foreign common stocks	1,580,787	1,580,787		
Governmental securities	16,607,757	16,607,757		
Fixed income securities/funds	1,755,731	1,755,731		
Total investments classified within the fair	 			
hierarchy	53,689,411	\$ 48,995,563	\$ 4,693,848	\$ -
Investments carried at NAV <sup>(A)</sup>	 335,189,261			
Total investments	 388,878,672			
Charitable remainder trusts	23,300,603	\$ 8,623,697	\$ -	\$ 14,676,906
Beneficial interest in perpetual trusts	9,510,937	-	9,510,937	-

Investments	-				
Cash equivalents	\$ 24,248,052	\$	19,989,808		
Domestic common stocks					
Large cap	4,170,107		4,170,107		
Midcap	100,478		100,478		
Small cap	352,342		352,342		
Foreign common stocks	1,414,885		1,414,885		
Governmental securities	17,484,827		17,484,827		
Fixed income securities/funds	 24,251,330		4,797,411		
Total investments classified within the fair					
hierarchy	72,022,021	\$	48,309,858	\$	23,
Investments carried at NAV (A)	313,286,904				
Total investments	 385,308,925				
Charitable remainder trusts	26,165,017	\$	9,233,876	\$	
Beneficial interest in perpetual trusts	8,613,166	,	-	Ŧ	8

(A) Certain investments that are measured at fair value using the net asset val equivalent) practical expedient have not been classified in the fair value h value amounts included are intended to permit reconciliation of the fair value amounts presented in the statements of financial position.

The following is a reconciliation of the beginning and ending balances of recur measurements recognized in the accompanying statements of financial position unobservable (Level 3) inputs:

Balance, July 1, 2021	\$ 17,936,518	\$ 192,392
Change in value of split-interest agreements Termination	 (1,005,377) -	 - (192,392)
Balance, June 30, 2022	16,931,141	-
Change in value of split-interest agreements	 (2,254,235)	 -
Balance, June 30, 2023	\$ 14,676,906	\$ -

The College occasionally recognizes transfers from Level 3 to Level 2 as a result of the expiration of fund lock-up provisions. The expiration of these provisions allows the College to redeem its interest in these funds at net asset value within a reasonable period of time. Such transfers are recognized as of the end of the year.

### Unobservab

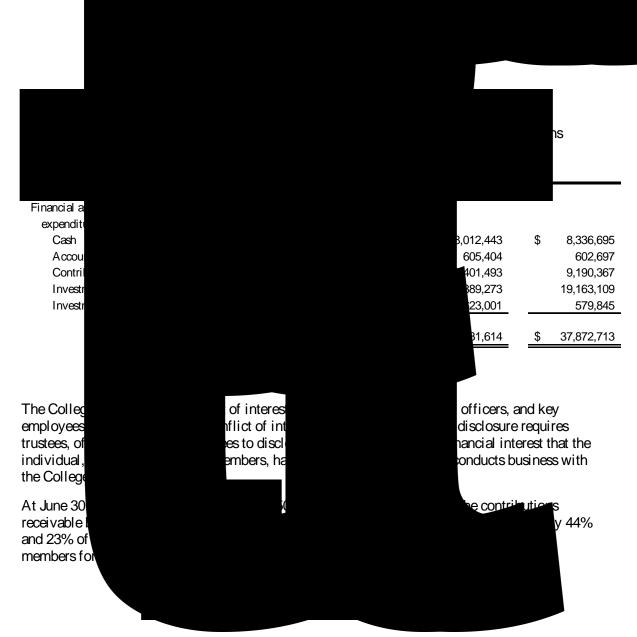
The fair va the present \$16,931,14 of the futur rate of 4.2% inputs, the in Id by others is estimated at ved and was \$14,676,906 and timated at the present value agreement using a discount o the nature of the valuation

The College receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The College's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure, but fulfill key operating needs of the College.

The board-designated endowment of \$173,502,907 and \$175,666,183 at June 30, 2023 and 2022, respectively, is subject to an annual spending rate described in Note 11. Although the College does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. To help manage unanticipated liquidity needs, the College has a line of credit that matures in April 2024 in the amount of \$20 million which it could draw upon.

The College manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. During the year ended June 30, 2023, the level of liquidity and reserves was managed within the policy requirements.



Net tuition revenues consisted primarily of tuition, net of scholarships, and fees derived from courses taught by the College. Tuition revenue is recognized pro-rata over the applicable period of instruction. A contract is entered into with a student and covers a course or semester. Revenue recognition occurs once a student starts attending a course. Residence hall (room and board) revenue includes housing, 10-, 15-, or 19-meal plans, and fee revenues that were recognized over the period the services were provided. Other income, which mostly includes program revenue, would be recognized when the services were provided at a point in time. For the years ended June 30, 2023 and 2022, the College's net tuition revenue was comprised of the following components:

Student tuition and fees	\$ 38,060,596	\$ 36,874,745
Grants and scholarships	(27,783,139)	(26,376,567)
Net tuition revenue	\$ 10,277,457	\$ 10,498,178

### **Performance Obligations**

The College has identified performance obligations asso rovision of its educational instruction and other educational services, housing § academic related services and used the output measure for recognition as the pe ver which the services are provided to students. The College has identified perfo obligations such as book sales or certain merchandise sales, and other ancillary activities and recognized revenue at the point in time goods or services are provided to its customers. The College maintains an institutional tuition refund policy, which provides for all or a portion of tuition to be refunded if a student withdrew during certain limited, stated refund periods. If a student withdraws at a time when only a portion, or none of the tuition is refundable, then in accordance with its revenue recognition policy, the College continued to recognize the tuition that is not refunded pro-rata over the applicable period of instruction. The College does not record revenue on amounts that may be refunded. However, for students that take out financial aid to pay their tuition and for which a return of such money to the Department of Education under Title IV is required as a result of his or her withdrawal, the College reassessed collectability for these students each semester for the estimated revenue that will be returned and recognized the revenue in future periods when payment was received, if any, The College's main education programs have starting and ending dates that do not significantly differ from its fiscal year-end.

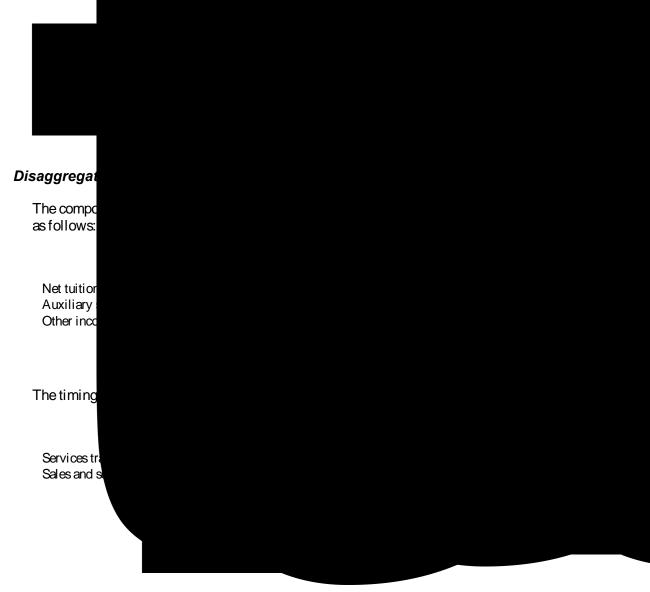
### **Transaction Price**

Because all of its performance obligations relate to contracts with a duration of less than one year, the College has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no significant unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

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

### **Contract Assets and Liabilities**

The College's receivables represent unconditional rights to consideration from its contracts with students. Revenue is recognized as performance obligations are satisfied, which is ratably over the academic term. Generally, the College bills students prior to the beginning of the semester, and student accounts receivable are due in full before classes begin. Included in each invoice to the student are all educational related items including tuition, net of scholarships, housing, educational materials, and fees. At June 30, 2023, 2022 and 2021, the College had receivables from students totaling \$204,213, \$178,247 and \$235,553, respectively. The College does not have any contract assets outside of receivables. The College has no significant contract liabilities for student deposits or student credit balances.



The following information is required by the U.S. Department of Education for the year ended June 30, 2023:

Annuities with donor restrictions Term endowments with donor restrictions Life income funds with donor restrictions Total annuities, term endowments and life income funds with donor restrictions	\$	- - - -
Unsecured related party receivables Secured related party receivables Total related party receivables		241,428 - 241,428
Property, plant and equipment, net of accumulated depreciation - pre-implementation	1	03,220,585

Land and land improvements Buildings Machinery and equipment	\$ - 9,333,334 -
Vehicles Construction in progress	-
Less: Accumulated depreciation Property, plant and equipment, including construction in progress, net of accumulated	
depreciation - post-implementation with outstanding debt for original purchase Property, plant and equipment, including construction in progress, net of accumulated	9,333,334
depreciation - post-implementation without outstanding debt for original purchase Total property and equipment	13,147,036 125,700,955
Right-of-use lease asset - operating leases, net of accumulated amortization - pre-implementation	-
Right-of-use lease asset - operating leases, net of accumulated amortization - post-implementation	<u> </u>
Total right-of-use lease asset - operating leases	<u>-</u>
Right-of-use lease asset - finance leases, net of accumulated amortization - pre-implementation*	-
Right-of-use lease asset - finance leases, net of accumulated amortization - post-implementation*	291,547
Total right-of-use lease asset - financing leases	291,547
Long-term debt obtained for long-term purposes - pre-implementation Long-term debt obtained for long-term purposes - post-implementation Line of credit for construction in progress	20,816,000 14,750,000
Operating lease liability - pre-implementation Operating lease liability - post-implementation	-
Total operating lease liability	
Finance lease liability - pre-implementation Finance lease liability - post-implementation	- 322.320
Total finance lease liability	322,320

# **Concentrations - Contributions**

At June 30, 2023 and 2022, approximately 44% and 4 received from two and three donors, respectively.

ely, of contributions were

# Contingencies

The College is subject to claims and lawsuits the parse primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the College.

# Pension Benefit Obligations

The College has a defined-benefit postretirement health plan whereby it agrees to provide certain postretirement health benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date. It is reasonably possible that events could occur that would change the estimated amount of this liability in the near term.

# Litigation

The College is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the College. Events could occur that would change this estimate materially in the near term.