



**Consolidated Financial Statements
and Supplemental Information**

Dickinson College

June 30, 2022 and 2021



DICKINSON COLLEGE

***Consolidated Financial Statements
and Supplemental Information***

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Mayer Hoffman McCann P.C.
500 Boylston Street ■ Boston, MA 02116
Main: 617.761.0600 ■ Fax: 617.761.0601
www.cbiz.com/newengland

Independent Auditors' Report

Board of Trustees
Dickinson College
Carlisle, Pennsylvania

Opinion

We have audited the consolidated financial statements of Dickinson College (the "College"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The consolidated financial statements of Dickinson College for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on November 2, 2021.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental schedule is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Maye Hoffmann McCann P.C.

Boston, Massachusetts
October 22, 2022

DICKINSON COLLEGE

Consolidated Statements of Financial Position

	<i>June 30,</i>	
	2022	2021
Assets		
Cash and cash equivalents	\$ 15,584,469	\$ 19,001,392
Accounts and other receivables, net	5,010,252	4,205,867
Inventories, prepaid expenses, and other assets	7,460,734	8,284,578
Contributions receivable, net	33,601,715	22,553,944
Loans receivable, net	6,443,451	6,410,315
Investments	554,146,622	556,576,822
Investments under split interest agreements	5,353,979	6,621,011
Deposits with trustees under debt agreements	15,257,920	17
Property and equipment, net	184,458,424	189,262,417
Funds held in trust by others	<u>48,204,408</u>	<u>53,473,392</u>
Total assets	<u>\$ 875,521,974</u>	<u>\$ 866,389,755</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 15,645,819	\$ 15,843,897
Student deposits and deferred revenue	3,947,216	3,764,684
Funds held in custody for others	3,475,146	3,360,099
Annuities payable	2,754,626	3,279,015
U.S. government advances refundable	1,016,612	1,480,412
Obligations under finance leases	585,663	727,761
Long-term debt	<u>134,776,302</u>	<u>126,098,274</u>
Total liabilities	<u>162,201,384</u>	<u>154,554,142</u>
Net assets:		
Without donor restrictions	432,943,373	428,254,069
With donor restrictions	<u>280,377,217</u>	<u>283,581,544</u>
Total net assets	<u>713,320,590</u>	<u>711,835,613</u>
Total liabilities and net assets	<u>\$ 875,521,974</u>	<u>\$ 866,389,755</u>

See accompanying notes to the consolidated financial statements.

DICKINSON COLLEGE

Consolidated Statement of Activities

Year Ended June 30, 2022
(with comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues:				
Student charges, net	\$ 84,644,010	\$ -	\$ 84,644,010	\$ 57,020,336
Contributions	8,763,205	18,089,135	26,852,340	14,353,653
Grants and appropriations	4,118,866	-	4,118,866	6,421,524
Investment return (loss), net	439,655	(3,719,451)	(3,279,796)	173,205,774
Appropriations of investment return, net	13,752,309	(13,752,309)	-	-
Change in value of split-interest agreements	(376,078)	1,810,002	1,433,924	1,793,534
Gain on extinguishment of debt	2,273,333	-	2,273,333	-
Sales and services of auxiliary enterprises	4,306,300	-	4,306,300	2,486,955
Other revenues	2,127,849	-	2,127,849	1,061,329
Net assets released from restrictions	5,631,704	(5,631,704)	-	-
	125,681,153	(3,204,327)	122,476,826	256,343,105
Expenses:				
Education	73,287,323	-	73,287,323	67,567,831
Research	2,647,412	-	2,647,412	2,152,267
Auxiliary enterprises	24,836,006	-	24,836,006	19,711,104
Management and general	20,221,108	-	20,221,108	18,756,830
	120,991,849	-	120,991,849	108,188,032
Change in net assets	4,689,304	(3,204,327)	1,484,977	148,155,073
Net assets, beginning of year	428,254,069	283,581,544	711,835,613	563,680,540
Net assets, end of year	\$ 432,943,373	\$ 280,377,217	\$ 713,320,590	\$ 711,835,613

DICKINSON COLLEGE

Consolidated Statement of Activities

Year Ended June 30, 2021

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Revenues:			
Student charges, net	\$ 57,020,336	\$ -	\$ 57,020,336
Contributions	3,700,123	10,653,530	14,353,653
Grants and appropriations	6,421,524	-	6,421,524
Investment return, net	85,897,051	87,308,723	173,205,774
Appropriations of investment return, net	12,719,724	(12,719,724)	-
Change in value of split-interest agreements	29,117	1,764,417	1,793,534
Sales and services of auxiliary enterprises	2,486,955	-	2,486,955
Other revenues	1,061,329	-	1,061,329
Net assets released from restrictions	9,230,307	(9,230,307)	-
Total revenues	178,566,466	77,776,639	256,343,105
Expenses:			
Education	67,567,831	-	67,567,831
Research	2,152,267	-	2,152,267
Auxiliary enterprises	19,711,104	-	19,711,104
Management and general	18,756,830	-	18,756,830
Total expenses	108,188,032	-	108,188,032
Change in net assets	70,378,434	77,776,639	148,155,073
Net assets, beginning of year	357,875,635	205,804,905	563,680,540
Net assets, end of year	\$ 428,254,069	\$ 283,581,544	\$ 711,835,613

DICKINSON COLLEGE

Consolidated Statements of Cash Flows

	Years Ended June 30,	
	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 1,484,977	\$ 148,155,073
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	9,904,799	10,137,784
Amortization of bond issuance costs	78,660	82,970
Amortization of bond premium	(1,146,659)	(1,203,377)
Gain on disposition of fixed assets	(102,980)	(125)
Gain on extinguishment of debt	(2,273,333)	-
Net realized and unrealized gains on investments	(251,021)	(165,717,989)
Change in value of funds held in trust by others	5,268,984	(7,972,439)
Change in allowance for loan loss	28,818	(35,117)
Gifts received for permanently restricted net assets and capital projects	(4,868,389)	(2,521,359)
Change in assets and liabilities:		
Accounts and other receivables, net	(804,385)	(1,085,775)
Inventories, prepaid expenses, and other assets	823,844	(5,925,826)
Contributions receivable	(11,047,771)	(702,005)
Accounts payable and accrued expenses	(1,244,344)	6,901,881
Student deposits and deferred revenue	182,532	(3,052,091)
Funds held in custody for others	115,047	796,984
	<u>(5,336,198)</u>	<u>(170,296,484)</u>
Net cash used in operating activities	<u>(3,851,221)</u>	<u>(22,141,411)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	140,062,259	148,911,834
Purchase of investments	(136,114,006)	(117,830,289)
Purchase of property and equipment	(4,085,254)	(2,435,398)
Proceeds from sale of property and equipment	258,301	125
Student loans collected	1,154,484	1,381,997
Student loans advanced	(1,216,438)	(825,894)
	<u>59,346</u>	<u>29,202,375</u>
Net cash provided by investing activities	<u>59,346</u>	<u>29,202,375</u>
Cash flows from financing activities:		
Payments on line of credit	-	(10,000,000)
Proceeds from issuance of long-term debt	16,022,016	-
Payments for deferred financing costs	(171,229)	-
Payments on long-term debt – refinancing	(392,438)	-
Payments on long-term debt – scheduled	(3,438,989)	(3,270,644)
Change in deposits with trustees under debt agreements	(15,257,903)	945,654
Principal payments under finance lease obligation	(266,705)	(338,156)
Gifts received for permanently restricted net assets and capital projects	4,868,389	2,521,359
Changes in annuities payable	(524,389)	(229,900)
Change in U.S. government advances refundable	(463,800)	(476,624)
	<u>374,952</u>	<u>(10,848,311)</u>
Net cash provided by (used in) financing activities	<u>374,952</u>	<u>(10,848,311)</u>
Net decrease in cash and cash equivalents	<u>(3,416,923)</u>	<u>(3,787,347)</u>
Cash and cash equivalents, beginning of year	<u>19,001,392</u>	<u>22,788,739</u>
Cash and cash equivalents, end of year	<u>\$ 15,584,469</u>	<u>\$ 19,001,392</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 5,622,798</u>	<u>\$ 5,936,088</u>
Supplemental disclosure of noncash activities:		
Assets acquired related to finance leases	<u>\$ 124,607</u>	<u>\$ 907,031</u>
Purchase of property and equipment included in accounts payable	<u>\$ 1,046,266</u>	<u>\$ 693,016</u>

See accompanying notes to the consolidated financial statements.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

Dickinson College (the College) is a private, residential, liberal arts college located in Carlisle, Pennsylvania. The College provides education services focused on the undergraduate level and is accredited by the Middle States Commission on Higher Education. The College owns and operates several study-abroad programs, some of which are considered separate entities for tax purposes. These entities are included in the accompanying consolidated financial statements of the College. All significant intercompany balances and transactions have been eliminated in consolidation.

The College participates in student financial aid programs sponsored by the U.S. Department of Education, which facilitate the payment of tuition and other expenses for students.

The significant accounting policies followed by the College are described below to enhance the usefulness of the consolidated financial statements to the reader.

Basis of Presentation

The consolidated financial statements of the College have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

Net assets and revenues, gains, and losses are classified as with or without donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

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 action of the Board of Trustees or may otherwise be limited to contractual agreements with outside parties. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

With Donor Restrictions - Net assets whose use by the College is subject to donor-imposed stipulations that (a) can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time; or (b) they be maintained permanently by the College.

Since endowment net realized and unrealized gains may eventually be spent by the College, endowment net realized and unrealized gains are recorded in the consolidated financial statements as net assets with donor restrictions until appropriated by the Board of Trustees for expenditures, at which point they are transferred to net assets without donor restrictions. Contributions and endowment income with donor-imposed restrictions are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions when an expense is incurred that satisfies the donor-imposed restriction, or when the time restriction has elapsed. Contributions restricted for the acquisition of plant and equipment are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions when restrictions have been met and the plant and equipment have been placed in service.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Expirations of donor-imposed stipulations are reported as net assets released from restriction, increasing net assets without donor restrictions and decreasing net assets with donor restrictions. Generally, donors of assets with stipulations that they be maintained permanently permit the College to use all or part of the income earned on those assets. Such assets primarily include the College's donor endowment funds and funds held in trust by others.

Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer. The College recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Revenue is reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions as follows:

Student Charges

The College's revenues primarily consist of student charges for educational services in the form of tuition, fees, room, and board. Although the College has separate educational and residential agreements with its students, on-campus residency is generally required by the College and therefore educational services are considered a single performance obligation. In accordance with GAAP, revenue measurement is driven by a principles-based process that requires entities to 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied.

For both campus-based and global programs, revenues are recognized in the reporting period in which the academic programs are delivered. Courses are primarily offered in two semesters, each totaling 15 weeks. The fall semester runs from August to December and the spring semester runs from January to May.

Student charges are billed as a comprehensive fee in advance of each semester at published rates established by the Board of Trustees on an annual basis. Payments are due 14 days before the beginning of each semester. Payments received in advance of services to be rendered are categorized as student deposits and deferred revenue in the consolidated statements of financial position. Because the College's academic year falls within the fiscal year, accounts receivable related to student charges at year-end are de minimis.

Students who withdraw prior to the beginning of the first day of classes will receive a 100% refund, except for the non-refundable enrollment deposit. Charges for room and board will continue until departure from campus and refunds for flexible meal plan options are based on actual usage. Refunds after the first day of classes are determined on a pro-rata basis until 60% of the semester has been completed. No refunds will be issued after the 60% cutoff date. A separate refund policy applies to those students attending global programs through the Center for Global Study and Engagement. Refunds issued reduce the amount of revenue recognized. Refunds of student charges were approximately 4% and 7% of the total amounts billed for the fiscal years ended June 30, 2022 and 2021, respectively.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Institutional aid provided by the College as a discount to student charges is reflected as a reduction of gross revenue from student charges.

Payments made by third parties such as the U.S. Department of Education relative to loans and other payments made to students are a mechanism to facilitate payment on behalf of students, and accordingly, such funding does not represent revenue of the College.

The following table summarizes the components of net student charges for the years ended June 30:

	2022	2021
Tuition and fees	\$ 122,008,532	\$ 104,348,200
Room and board	<u>32,002,479</u>	<u>7,899,817</u>
Gross student charges	154,011,011	112,248,017
Student aid	<u>(69,367,001)</u>	<u>(55,227,681)</u>
Student charges, net	<u>\$ 84,644,010</u>	<u>\$ 57,020,336</u>

Sales and Services of Auxiliary Enterprises

Auxiliary enterprises include the operations of the bookstore and central stores, children's center, conferences and special events, dining services (other than board revenues), and other campus-based operations.

Revenues from auxiliary enterprises can be recognized at a point in time or over a period, depending on the satisfaction of the performance obligation under the contract. Payments received in advance of goods and services to be provided are categorized as deferred revenue and reported within student deposits and deferred revenue in the consolidated statements of financial position. A significant portion of the business activities of auxiliary enterprises occurs within the academic year. Therefore, accounts receivable related to auxiliary enterprises are de minimis at year-end.

Deferred Revenue

Substantially all the student deposits and deferred revenue balance related to contracts with students and other customers of \$2,259,278 on June 30, 2021 was recognized into revenue during fiscal year 2022. The balance of student deposits and deferred revenue related to contracts with students and other customers of \$2,704,170 on June 30, 2022, less any refunds issued, will be recognized as revenue over the academic year as services are rendered.

Student account credit balances of \$585,340 were included in student deposits and deferred revenue as of June 30, 2021. These credit balances were used to offset student charges in the current fiscal year. There were no similar credit balances to reclassify as of June 30, 2022.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions may be in the form of gifts or grants.

A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are overcome. As of June 30, 2022, the College had \$2,590,357 of conditional promises from donors that are not recognized as assets in the consolidated statements of financial position. These conditional promises are expected to be earned as the barriers are met in subsequent years.

Unconditional contributions with no purpose or time restrictions are reported as revenues without donor restrictions. Unconditional contributions, gifts, and grants with donor-imposed restrictions that limit the use of the asset are reported as revenues with donor restrictions and are reclassified to net assets without donor restrictions when an expense is incurred that satisfies the donor-imposed restriction. However, for unconditional donor-restricted contributions that were initially conditional, if donor-imposed restrictions are met in the same year that they become unconditional, the revenues are reported as revenues without donor restrictions in the consolidated statements of activities.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of the fundraising activity. Contributions receivable are recorded at estimated fair value on the date the donor's unconditional promise to contribute is made using the present value of future cash flows.

On June 30, 2022 and 2021, \$21,105,138 and \$19,424,820, respectively, has been recorded as a contribution receivable related to a settlement agreement between the College; the Baltimore Symphony Orchestra; GBMC Healthcare, Inc.; Whiteford, Taylor & Preston LLP; and the trustees of the Robert A. Waidner Foundation, a charitable remainder trust established under the will of alumnus Robert A. Waidner, Dickinson Class of 1932. The receivable represents the present value of future cash flows using an average discount rate of 2.1% and 1.9% for the years ended June 30, 2022 and 2021, respectively.

Direct fundraising expenses for the years ended June 30, 2022 and 2021 were \$4,970,886 and \$4,337,735, respectively, and are included in management and general expenses in the consolidated statements of activities.

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Notes to Consolidated Financial Statements

Cash and Cash Equivalents

The College considers institutional money market funds and other short-term savings instruments with original maturities of 90 days or less to be cash equivalents. Cash and cash equivalents held by investment managers are considered part of investments. On June 30, 2022 and 2021, the College had cash balances at financial institutions that exceeded federal depository insurance limits. Management believes that credit risk related to these deposits is minimal and has not experienced any such losses to date.

Accounts and Other Receivables

Students are billed based on dates outlined in the academic catalog in advance of delivery of the related academic or auxiliary services. Payments for student charges and other auxiliary charges are generally due by the start of the academic period, net of any expectations for third party financial aid. Payments made on behalf of students by the U.S. Department of Education or other third parties may be subject to specific requirements within those programs as to when those funds can be availed. Certain third-party funding can be availed prior to the commencement of the academic period, while other amounts are paid at specified intervals based on rules promulgated by the U.S. Department of Education and other agencies. As such, cash flows on accounts receivable balances and the measurement of deferred revenues do not directly depend on meeting specified performance obligations of the College.

Accounts receivable are carried at net realizable value. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as revenue when received. Accounts receivable are considered past due if any portion of the receivable balance is outstanding for more than 90 days or the student no longer attends the institution. Student accounts are not collateralized.

Loans Receivable and U.S. Government Advances Refundable

Loans receivable consist of loans to students, which are made from the College's restricted loan funds and the Federal Perkins Loan Program. Funds provided by the U.S. government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collections. Under federal law, the authority for schools to make new Perkins loans ended on September 30, 2017 and final disbursements were permitted through June 30, 2018. These funds, less a College share, are ultimately refundable to the government and are included as liabilities in the consolidated statements of financial position.

Loans receivable are considered past due if any portion of the balance due is outstanding for more than 120 days for College loans and for more than 240 days for Perkins Loans. Loans past due or in default totaled \$648,236 and \$524,915 for the years ended June 30, 2022 and 2021, respectively. Perkins loans that are in default and meet certain requirements can be assigned to the U.S. Department of Education, which reduces the balance in U.S. government advances refundable. Loans receivable are reported at their estimated net realizable value. For all loans, management estimates the allowance for credit losses based on historical losses, current economic conditions, and the credit quality of the loans. The allowance for uncollectible loans was \$273,131 and \$244,313 on June 30, 2022 and 2021, respectively.

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Notes to Consolidated Financial Statements

Investments and Fair Value Measurements

Fair value refers to the price the College would receive upon selling an asset or the price paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the reporting date.

A three-tier hierarchical framework has been established that classifies valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants, in the context of an orderly market, would use in pricing the asset or liability. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value measurements are based on three levels of inputs as follows:

Level 1 - Quoted or published prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities; quoted prices for identical or similar assets and liabilities 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 that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Valuations for alternative investments including hedge funds, venture capital, and other private partnerships are based on net asset values (NAVs) provided by external investment managers or on audited financial statements when available. NAVs provided by external investment managers are based on fair value estimates, appraisals, assumptions, and methods that are reviewed by management. These investments are not categorized in the fair value hierarchy table but are separately disclosed to reconcile to the amounts reported on the consolidated statements of financial position.

Split Interest Agreements and Funds Held in Trust by Others

The College's annuity agreements with donors consist primarily of charitable gift annuities, pooled life income and unitrusts. Assets held in these annuity agreements are included in investments under split interest agreements. Contribution revenues are recognized at the date the agreements are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries using a discount rate which approximates the charitable federal midterm rate of 3.6% and 1.2% as of June 30, 2022 and 2021, respectively.

The College is subject to specific state requirements relating to the issuance of charitable gift annuities. These requirements include limitations on asset allocation and required minimum reserve balances. The College maintained compliance with all asset allocation requirements and adequately covered the minimum reserve requirements of \$2,269,637 and \$2,375,499 as of June 30, 2022 and 2021, respectively.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Funds held in trust by others represent the College's beneficial interest in various irrevocable trusts. The terms of these perpetual trusts provide that the College is to receive annually a certain percentage or amount of the income earned by the funds. Distributions from the trusts are recorded as investment income, and the carrying value of assets is adjusted for changes in fair value of the trusts. These funds are neither in the possession nor under the control of the College. Because of the permanent right of the College to its share of the trusts' earnings, the College reports its share of these trusts on its consolidated financial statements as funds held in trust by others. The trusts are recorded at fair value based on market prices for the underlying assets of the trusts, which are provided by the financial institutions that administer the trust funds. These trusts are categorized as Level 3 in the fair value hierarchy.

Funds held in trust by others include a 45% interest in the Sandia Foundation, created in 1975 under the terms of the will of Hugh W. Woodward, of which the College is a beneficiary. Those terms provide that the College is to receive annually and in perpetuity 45% of the net earnings of the Sandia Foundation, the assets of which consist principally of marketable securities and real estate in and around Albuquerque, New Mexico. The value of the College's interest in the Sandia Foundation was \$43,726,592 and \$47,976,770 on June 30, 2022 and 2021, respectively, as obtained from externally audited financial statements.

Deposits with Trustees under Debt Agreements

Deposits with trustees under debt agreements consist of funds held for capital projects and earnings from debt service payment funds. The funds are invested in short-term investments in accordance with requirements established by the associated bond agreements. Deposits with trustees under debt agreements are valued with Level 1 inputs in the fair value hierarchy.

Property and Equipment

Property and equipment are stated at cost or at estimated fair value if acquired by gift, less accumulated depreciation. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings and improvements	5–50
Equipment	3–15
Library books	10

Leasehold improvements and assets under finance leases are amortized over the shorter of the estimated useful life or the term of the lease using the straight-line method.

Capitalized interest is charged to construction in progress or buildings and improvements during the period of construction of the capital assets and is amortized over the useful lives of the associated assets.

Included in property and equipment is the College's rare works collection. The College carries its rare works collection at the fair value of the collection items at the date of gift or purchase and the collection is not depreciated.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are impaired, the impairment to be recognized is the difference between the carrying amount and the fair value of the assets. There were no impairment adjustments to the College's long-lived assets as of June 30, 2022 and 2021.

Leases

The College determines if an arrangement is a lease at inception. Right-of-use assets represent the College's right to use an underlying asset for the lease term. Lease obligations represent the College's liability to make lease payments arising from the lease. Operating and finance lease right-of-use assets and related obligations are recognized on the lease commencement date based on the present value of lease payments over the lease term discounted using a risk-free interest rate at inception. The value of an option to extend or terminate a lease is reflected when it is reasonably certain the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

Operating lease right-of-use assets are included in inventories, prepaid expenses and other assets and associated operating lease liabilities are included in accounts payable and accrued expenses on the consolidated statements of financial position. Finance lease assets are included in property, plant, and equipment and obligations under finance leases are separately reported on the consolidated statements of financial position.

Deferred Financing Costs

Deferred financing costs are amortized over the remaining terms of the associated debt using the effective interest method. Such unamortized amounts are presented as a direct reduction of the related long-term debt.

Funds Held in Custody for Others

The College has agreed to serve as a fiscal agent for officially recognized student organizations and other approved external entities. Assets held by the College are included in cash and cash equivalents and investments on the consolidated statements of financial position, with an offsetting liability in funds held in custody for others.

Tax Status

The College has been recognized by the Internal Revenue Service as exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except for taxes on income from activities unrelated to its exempt purpose. Accordingly, the College is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. No provisions for income taxes have been made in the accompanying consolidated financial statements for the years ended June 30, 2022 or 2021.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

The College accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. The College has identified its tax status as a tax-exempt entity as its only significant tax position; however, the College has determined that such tax position does not result in an uncertainty requiring recognition. The College is not currently under examination by any taxing jurisdiction. The College’s federal and state tax returns are generally open for examination for three years following the date filed.

Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or support functions of the College. Expenses reported by functional categories include allocations of costs for operations and maintenance of plant, institutional support for auxiliary operations, interest, depreciation and amortization and information technology. The College applies various methods to allocate costs among the program and support functions, including direct allocation, square footage and time and effort.

Education includes the College’s primary program service of instruction along with supporting expenses reported under academic support and student services. Auxiliary enterprises include expenses relating to the generation of room and board revenue along with other auxiliary enterprises which are reported under sales and services of auxiliary enterprises on the consolidated statements of activities.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

Investments consist of a wide variety of financial instruments. The related values, as presented in the consolidated financial statements, are subject to various market fluctuations, which include changes in equity markets, the interest rate environment, and general economic conditions. These changes cause the net asset position of the College to increase or decrease.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Note 2 - Fair Value Measurements

The following tables summarize the College's investments and other assets that are measured at fair value on a recurring basis by major category in the fair value hierarchy as of June 30. Certain investments that are measured at fair value using its net asset value (NAV) per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented below as investments recorded at NAV are intended to permit a reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

	<i>June 30, 2022</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments:				
Cash and cash equivalents	\$ 11,914,189	\$ -	\$ -	\$ 11,914,189
Fixed income	41,267,264	-	-	41,267,264
Equities	12,538,674	-	-	12,538,674
Real estate	-	5,894,107	-	5,894,107
Investments recorded at NAV:				
Hedge funds				209,778,164
Private equity funds				272,754,224
Total investments	65,720,127	5,894,107	-	554,146,622
Investments under split-interest agreements:				
Cash and cash equivalents	237,829	-	-	237,829
Fixed income	1,388,710	-	-	1,388,710
Equities	3,727,440	-	-	3,727,440
Total investments under split-interest agreements	5,353,979	-	-	5,353,979
Other assets:				
Deposits with trustees under debt agreements	15,257,920	-	-	15,257,920
Funds held in trust by others	-	-	48,204,408	48,204,408
Total	\$ 86,332,026	\$ 5,894,107	\$ 48,204,408	\$ 622,962,929

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

	<i>June 30, 2021</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and cash equivalents	\$ 9,926,182	\$ -	\$ -	\$ 9,926,182
Fixed income	33,585,649	-	-	33,585,649
Equities	14,200,905	-	-	14,200,905
Real estate	-	6,005,054	-	6,005,054
Investments recorded at NAV:				
Hedge funds				276,505,144
Private equity				216,353,888
Total investments	<u>57,712,736</u>	<u>6,005,054</u>	<u>-</u>	<u>556,576,822</u>
Investments under split-interest agreements:				
Cash and cash equivalents	40,259	-	-	40,259
Fixed income	1,558,193	-	-	1,558,193
Equities	5,022,559	-	-	5,022,559
Total investments under split-interest agreements	<u>6,621,011</u>	<u>-</u>	<u>-</u>	<u>6,621,011</u>
Other assets:				
Deposits with trustees under debt agreements	17	-	-	17
Funds held in trust by others	-	-	53,473,392	53,473,392
Total	<u>\$ 64,333,764</u>	<u>\$ 6,005,054</u>	<u>\$ 53,473,392</u>	<u>\$ 616,671,242</u>

Note 3 - Liquidity and Availability

The College manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. Due to the cyclical nature of cash receipts for student charges and contributions, the College invests cash exceeding operational requirements in low-risk cash and fixed income securities in accordance with projected liquidity needs. To further manage liquidity, the College maintains a \$10,000,000 line of credit with Orrstown Bank and a \$20,000,000 line of credit with M&T Bank, which are renewed annually in June. There was no outstanding balance on either line of credit as of June 30, 2022 and 2021.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Financial assets available for general expenditure within one year of June 30 are as follows:

	2022	2021
Cash and cash equivalents	\$ 15,584,469	\$ 19,001,392
Accounts and contributions receivable, net	38,611,967	26,759,811
Loans receivable, net	6,443,451	6,410,315
Investments and funds held in trust by others	607,705,009	616,671,225
Deposits with trustees under debt agreements	<u>15,257,920</u>	<u>17</u>
 Total financial assets	 683,602,816	 668,842,760
Less:		
Cash and investments held in operating reserves	(7,511,866)	(7,769,370)
Endowed contributions receivable and receivables scheduled to be collected in more than one year	(33,121,144)	(21,830,779)
Loans receivable, net	(6,443,451)	(6,410,315)
Investments held in split-interest reserves	(2,269,637)	(2,375,499)
Pooled endowment investments and funds held in trust by others, net of appropriations over the next 12 months	(561,323,659)	(577,310,898)
Other investments	(5,894,107)	(6,005,054)
Deposits with trustees under debt agreements	<u>(15,257,920)</u>	<u>(17)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ <u>51,781,032</u>	 \$ <u>47,140,828</u>

The College operates with a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The College has established operating reserves with the objective of ensuring sufficient reserves exist to act in the event of unforeseen occurrences or opportunities. Operating reserve funds are held in low-risk cash and fixed income securities and are included in the cash and cash equivalents and investments lines on the consolidated statements of financial position. The College also had \$352,475,789 and \$352,258,142 in board-designated endowment net assets as of June 30, 2022 and 2021, respectively. Although the College does not intend to spend from its board-designated endowment funds, other than amounts appropriated for expenditure each year, amounts could be made available, if necessary, subject to investment liquidity restrictions.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Investment liquidity, including investments under split-interest agreements, as of June 30, 2022 is aggregated below based on redemption or sale period:

Daily	\$	76,968,212
Monthly		42,607,346
Quarterly		167,170,818
Illiquid		<u>272,754,225</u>
	\$	<u>559,500,601</u>

The College's hedge funds have monthly to quarterly redemptions with 90 to 120-day notice requirements.

Private equity fund investments are generally made through limited partnerships. Under the terms of such agreements, the College may be required to provide additional funding when capital or liquidity calls are made by fund managers. These partnerships have a limited existence, and they may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, or other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The College cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur, they could reduce liquidity or originally anticipated investment returns. Accordingly, the timing and amount of future capital or liquidity calls in any future year are uncertain. Unfunded private equity commitments as of June 30, 2022 were \$117,592,559.

Note 4 - Contributions Receivable

Contributions receivable, net are summarized as follows as of June 30:

	2022	2021
Contributions receivable expected to be collected in:		
Less than one year	\$ 6,282,022	\$ 980,460
One year to five years	12,415,386	6,686,064
Over five years	<u>19,433,203</u>	<u>17,981,873</u>
	38,130,611	25,648,397
Less discount	(3,896,495)	(2,974,870)
Allowance for uncollectible contributions receivable	<u>(632,401)</u>	<u>(119,583)</u>
	<u>\$ 33,601,715</u>	<u>\$ 22,553,944</u>

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Note 5 - Endowments

The College's endowment consists of approximately 970 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. 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.

Investments having fair values of \$537,244,099 and \$546,565,555 on June 30, 2022 and 2021, respectively, are pooled on a fair value basis, with each unitized fund subscribing to or disposing of units on the basis of the fair value per unit at the beginning of the month within which the transaction takes place.

Interpretation of Relevant Law

The College has interpreted relevant law as requiring the endowment fund, absent explicit donor stipulations to the contrary, to be managed with the long-term objective of at least maintaining the real value (after inflation) of the funds. Unless stated otherwise in the gift instrument, the assets in an endowment fund are assets with donor restriction until appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by relevant law. Pennsylvania law permits the Board of Trustees to make an election to annually appropriate for expenditure a selected percentage between 2% and 7% of the fair value of the assets related to endowment funds with donor restriction averaged over a period of three or more preceding years, provided the board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of funds with donor restriction that the College must hold in perpetuity or for a donor-specified period, 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 exceed the endowment spending rate plus inflation, defined as the Consumer Price Index plus 1%, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

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.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Spending Policy

The spending policy of the College is set to provide, as closely as possible, equitable benefit from the endowment for current and future generations of students. A formal spending policy has been adopted to meet the legal and programmatic requirements of the endowment. The College appropriates 7% of the endowment and targets a maximum of 5% of the 12-quarter moving average fair market value of the pooled endowment to be utilized, with the remaining distribution moved from net assets with donor restrictions to board-designated. The approved spending rate formula is designed to provide a relatively predictable and growing stream of revenues to the operating budget. An additional goal of this policy is to minimize the temptation to relieve all budgetary pressures by simply drawing additional monies from the endowment.

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. These deficiencies result from unfavorable market fluctuations that occur after the investment of contributions with donor restrictions. There were no deficiencies of this nature as of June 30, 2022 and 2021. The College interprets Pennsylvania law to allow for the aggregation of similar endowments; therefore, endowments with deficiencies are netted with gains and accounted for within net assets with donor restrictions.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Net Asset Classifications of Endowment Funds

Net asset classification by type of endowment as of June 30, 2022:

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions - Time/Purpose</i>	<i>With Donor Restrictions - Perpetual</i>	<i>Total</i>
Board-designated endowment funds:				
Contributions receivable, net	\$ 480,960	\$ -	\$ -	\$ 480,960
Pooled endowment investments	347,627,772	-	-	347,627,772
Real asset investments	3,199,828	-	-	3,199,828
Property and equipment, net	<u>4,426,523</u>	<u>-</u>	<u>-</u>	<u>4,426,523</u>
Total board-designated endowment funds	<u>355,735,083</u>	<u>-</u>	<u>-</u>	<u>355,735,083</u>
Donor-restricted endowment funds:				
Contributions receivable, net	-	31,559,108	801,170	32,360,278
Pooled endowment investments:				
Original gift	-	-	90,750,930	90,750,930
Accumulated net gains and losses	<u>-</u>	<u>98,865,397</u>	<u>-</u>	<u>98,865,397</u>
Total pooled endowment investments	-	98,865,397	90,750,930	189,616,327
Investments under split interest agreements	-	3,278,229	2,075,750	5,353,979
Funds held in trust by others	<u>-</u>	<u>-</u>	<u>48,204,408</u>	<u>48,204,408</u>
Total donor-restricted endowment funds	<u>-</u>	<u>133,702,734</u>	<u>141,832,258</u>	<u>275,534,992</u>
Total endowment assets	355,735,083	133,702,734	141,832,258	631,270,075
Annuity and agency liabilities	<u>(3,259,294)</u>	<u>(1,881,902)</u>	<u>(872,724)</u>	<u>(6,013,920)</u>
Total endowment net assets	<u>\$ 352,475,789</u>	<u>\$ 131,820,832</u>	<u>\$ 140,959,534</u>	<u>\$ 625,256,155</u>

Changes in endowment net assets for the year ended June 30, 2022:

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions - Time/Purpose</i>	<i>With Donor Restrictions - Perpetual</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 352,258,142	\$ 133,946,040	\$ 143,770,773	\$ 629,974,955
Investment return, net and change in value of split-interest agreements	(112,144)	1,765,177	(3,674,626)	(2,021,593)
Contributions	6,976,625	10,467,102	2,720,251	20,163,978
Other additions/transfers	111,835	(120,637)	-	(8,802)
Appropriation of endowment assets for expenditure	(11,180,123)	(14,236,850)	(1,872,566)	(27,289,539)
Reinvested appropriations	<u>4,421,454</u>	<u>-</u>	<u>15,702</u>	<u>4,437,156</u>
	<u>\$ 352,475,789</u>	<u>\$ 131,820,832</u>	<u>\$ 140,959,534</u>	<u>\$ 625,256,155</u>

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Net asset classification by type of endowment as of June 30, 2021:

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions - Time/Purpose</i>	<i>With Donor Restrictions - Perpetual</i>	<i>Total</i>
Board-designated endowment funds:				
Contributions receivable, net	\$ 1,383,182	\$ -	\$ -	\$ 1,383,182
Pooled endowment investments	346,280,785	-	-	346,280,785
Real asset investments	3,310,775	-	-	3,310,775
Property and equipment, net	<u>4,426,523</u>	<u>-</u>	<u>-</u>	<u>4,426,523</u>
Total board-designated endowment funds	<u>355,401,265</u>	<u>-</u>	<u>-</u>	<u>355,401,265</u>
Donor-restricted endowment funds:				
Contributions receivable, net	-	19,424,820	1,191,835	20,616,655
Pooled endowment investments:				
Original gift	-	-	87,624,312	87,624,312
Accumulated net gains and losses	<u>-</u>	<u>112,660,458</u>	<u>-</u>	<u>112,660,458</u>
Total pooled endowment investments	-	112,660,458	87,624,312	200,284,770
Investments under split interest agreements	-	4,112,470	2,508,541	6,621,011
Funds held in trust by others	<u>-</u>	<u>-</u>	<u>53,473,392</u>	<u>53,473,392</u>
Total donor-restricted endowment funds	<u>-</u>	<u>136,197,748</u>	<u>144,798,080</u>	<u>280,995,828</u>
Total endowment assets	355,401,265	136,197,748	144,798,080	636,397,093
Annuity and agency liabilities	<u>(3,143,123)</u>	<u>(2,251,708)</u>	<u>(1,027,307)</u>	<u>(6,422,138)</u>
Total endowment net assets	<u>\$ 352,258,142</u>	<u>\$ 133,946,040</u>	<u>\$ 143,770,773</u>	<u>\$ 629,974,955</u>

Changes in endowment net assets for the year ended June 30, 2021:

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions - Time/Purpose</i>	<i>With Donor Restrictions - Perpetual</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 271,105,939	\$ 68,354,105	\$ 133,295,485	\$ 472,755,529
Investment return, net and change in value of split-interest agreements	85,682,465	78,729,705	10,343,436	174,755,606
Contributions	1,702,098	(686)	1,931,358	3,632,770
Other additions/transfers	310,200	(23,832)	-	286,368
Appropriation of endowment assets for expenditure	(10,473,703)	(13,113,836)	(1,821,392)	(25,408,931)
Reinvested appropriations	<u>3,931,143</u>	<u>584</u>	<u>21,886</u>	<u>3,953,613</u>
	<u>\$ 352,258,142</u>	<u>\$ 133,946,040</u>	<u>\$ 143,770,773</u>	<u>\$ 629,974,955</u>

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Net distributions of endowment assets for expenditure are summarized as follows for the years ended June 30:

	2022	2021
Scholarships and financial aid	\$ 9,526,347	\$ 8,905,250
Endowed chairs and faculty support	2,776,426	2,617,688
Operation/maintenance of facilities	2,098,663	1,993,166
Academic programs and student life	2,926,400	2,716,416
Other	<u>5,524,547</u>	<u>5,222,798</u>
	<u>\$ 22,852,383</u>	<u>\$ 21,455,318</u>

Note 6 - Property and Equipment

As of June 30, property and equipment at cost and accumulated depreciation are summarized as follows:

	2022	2021
Land	\$ 11,406,495	\$ 11,441,495
Buildings and improvements	317,389,661	314,965,465
Finance leases and leasehold improvements	1,452,098	1,327,491
Equipment	24,190,699	23,679,239
Library books	10,999,564	11,144,535
Rare works	3,130,503	3,130,503
Construction in progress	<u>3,346,329</u>	<u>2,315,663</u>
	371,915,349	368,004,391
Less accumulated depreciation	<u>187,456,925</u>	<u>178,741,974</u>
	<u>\$ 184,458,424</u>	<u>\$ 189,262,417</u>

Depreciation expense totaled \$9,904,799 and \$10,137,784 for the years ended June 30, 2022 and 2021, respectively.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Note 7 - Lease Commitments

The College is a lessee for 22 operating leases, primarily related to real estate. These leases have an average remaining lease term of 2.4 years, some of which include an option to extend or terminate, and were calculated using a weighted average discount rate of 1.11% and 1.12% at June 30, 2022 and 2021, respectively. Operating lease right-of-use assets and liabilities as of June 30, 2022 were \$4,476,662 and \$4,630,550, respectively. Operating lease right-of-use assets and liabilities as of June 30, 2021 were \$5,791,006 and \$5,940,015, respectively.

The following is a schedule of future minimum lease payments under finance leases together with the present value of the net minimum lease payments as of June 30, 2022:

2023	\$	269,670
2024		269,670
2025		48,424
Total minimum lease payments		<u>587,764</u>
Less amount representing interest		<u>(2,101)</u>
Present value of net minimum lease payments	\$	<u>585,663</u>

The following table summarizes the maturity of the College's operating lease liabilities as of June 30, 2022:

2023	\$	1,474,527
2024		1,103,172
2025		1,023,901
2026		972,800
2027		56,150
Total	\$	<u>4,630,550</u>

Total rental expense for all operating leases was \$1,937,937 and \$1,756,053 for the years ended June 30, 2022 and 2021, respectively.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Note 8 - Long-Term Debt

Long-term debt as of June 30 consists of the following:

	2022	2021
Cumberland County Municipal Authority Fixed Rate Revenue Bonds:		
Series 2012, maturing annually to 2043 in principal amounts ranging from \$35,000 to \$2,835,000 with a fixed interest rate of 5.0%.	\$ 31,395,000	\$ 32,055,000
Series 2016, maturing annually to 2034 in principal amounts ranging from \$1,260,000 to \$4,595,000 with fixed interest rates ranging from 4.0% to 5.0%	34,570,000	35,770,000
Series 2017, maturing annually to 2047 in principal amounts ranging from \$375,000 to \$4,700,000 with a fixed interest rate of 5.0%.	29,135,000	29,490,000
Second Series 2017A, maturing annually from 2037 to 2039 in principal amounts ranging from \$2,930,000 to \$3,230,000 with a fixed interest rate of 5.0%	9,235,000	9,235,000
Series 2018A, maturing annually to 2028 in principal amounts ranging from \$950,000 to \$1,240,000 with a fixed interest rate of 5.0%.	5,505,000	6,590,000
National Finance Authority Fixed Rate Revenue Bonds:		
Series 2022A, maturing annually from 2037 to 2042 in principal amounts ranging from \$540,000 to \$4,460,000 with a fixed interest rate of 5.0%.	14,450,000	-
Unamortized bond premiums, net	10,494,978	13,031,516
Unamortized issuance costs, net	<u>(782,955)</u>	<u>(986,509)</u>
Total bonds payable	134,002,023	125,185,007
Note payable	<u>774,279</u>	<u>913,267</u>
Total long-term debt	<u>\$ 134,776,302</u>	<u>\$ 126,098,274</u>

Bonds Payable

The bond agreements contain restrictive covenants, which require the pledge of certain revenues as collateral for repayment and the maintenance of a minimum level of debt service coverage for new indebtedness. All outstanding bond issues were issued based on the creditworthiness of the College.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

The proceeds from outstanding bond issues were used for capital projects or refinanced bond issues which were originally used for capital projects included in property, plant, and equipment.

On April 28, 2022, the College sold \$14,450,000 of Series 2022A and \$29,825,000 of Series 2022B tax-exempt revenue bonds through the National Finance Authority at a premium of \$1,572,016 and \$2,705,567, respectively. The proceeds of the Series 2022A bonds will be used to finance capital improvements on campus. The proceeds of the Series 2022B bonds will be used to refund the College's Series 2012 bonds on November 1, 2022. The refunding resulted in a gain of \$2,273,333, which is recognized in the consolidated statement of activities for the year ended June 30, 2022. The proceeds of the 2022B bonds were subject to a forward delivery arrangement, with final settlement on August 4, 2022, at which time the Series 2012 bonds were legally defeased.

The aggregate maturities of bonds payable outstanding on June 30, 2022 are as follows:

2023	\$	3,475,000
2024		3,630,000
2025		3,820,000
2026		4,000,000
2027		4,210,000
Thereafter		<u>105,155,000</u>
Total	\$	<u>124,290,000</u>

Note Payable

In May 2017, the College entered into an improvement and maintenance agreement for certain College property included in property, plant, and equipment, with quarterly payments scheduled through May 2027.

The aggregate maturities of the note payable outstanding on June 30, 2022 are as follows:

2023	\$	141,484
2024		149,669
2025		158,193
2026		167,070
2027		<u>157,863</u>
Total	\$	<u>774,279</u>

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Note 9 - Net Assets

The following is a summary of net assets on June 30:

	2022	2021
Without donor restrictions:		
Board-designated endowment funds	\$ 352,475,789	\$ 352,258,142
Operating reserve funds	7,511,866	7,769,370
Plant and capital project funds	54,739,618	53,503,774
Other operating funds	<u>18,216,100</u>	<u>14,722,783</u>
Total net assets without donor restrictions	<u>432,943,373</u>	<u>428,254,069</u>
With donor restrictions:		
Donor-restricted endowment funds	272,780,366	277,716,813
Purpose and time restricted	<u>7,596,851</u>	<u>5,864,731</u>
Total net assets with donor restrictions	<u>280,377,217</u>	<u>283,581,544</u>
Total net assets	<u>\$ 713,320,590</u>	<u>\$ 711,835,613</u>

Net assets were released from donor-imposed restrictions for the years ended June 30, 2022 and 2021 for the following purposes:

	2022	2021
Program services	\$ 5,119,402	\$ 8,489,249
Split-interest agreements	120,636	23,832
Construction or acquisition of fixed assets	<u>391,666</u>	<u>717,226</u>
Total net assets released from restrictions	<u>\$ 5,631,704</u>	<u>\$ 9,230,307</u>
Appropriations of investment return, net	\$ 13,752,309	\$ 12,719,724

Note 10 - Retirement Benefits

Retirement benefits are provided for substantially all employees through the Teacher's Insurance and Annuity Association and College Retirement Equities Fund (TIAA – CREF) and Fidelity. The College's contribution to the fund during the years ended June 30, 2022 and 2021 was \$2,929,481 and \$1,619,787, respectively.

DICKINSON COLLEGE

Notes to Consolidated Financial Statements

Note 11 - Functional Expenses

Expenses by functional and natural classification for the year ended June 30, 2022 were as follows:

	<u>Education</u>	<u>Research</u>	<u>Auxiliary Enterprises</u>	<u>Management and General</u>	<u>Operations and Maintenance</u>	<u>Total</u>
Salaries and wages	\$ 33,172,852	\$ 495,749	\$ 5,052,651	\$ 12,045,000	\$ 3,765,866	\$ 54,532,118
Employee benefits	11,852,510	78,840	2,147,801	4,612,129	2,073,477	20,764,757
Supplies, services, other	14,329,558	513,245	8,865,014	2,344,071	2,995,059	29,046,947
Depreciation	5,909,250	161,592	2,519,971	541,760	772,226	9,904,799
Interest	2,770,345	620,899	1,146,609	1,599	-	4,539,452
Utilities	900,830	114,144	1,111,974	76,828	-	2,203,776
Operations and maintenance	4,351,978	662,943	3,991,986	599,721	(9,606,628)	-
	<u>\$ 73,287,323</u>	<u>\$ 2,647,412</u>	<u>\$ 24,836,006</u>	<u>\$ 20,221,108</u>	<u>\$ -</u>	<u>\$ 120,991,849</u>

Expenses by functional and natural classification for the year ended June 30, 2021 were as follows:

	<u>Education</u>	<u>Research</u>	<u>Auxiliary Enterprises</u>	<u>Management and General</u>	<u>Operations and Maintenance</u>	<u>Total</u>
Salaries and wages	\$ 32,440,210	\$ 396,768	\$ 4,517,714	\$ 12,008,567	\$ 3,572,923	\$ 52,936,182
Employee benefits	10,681,648	68,590	2,059,113	4,174,709	1,845,033	18,829,093
Supplies, services, other	9,994,086	250,781	4,430,229	1,420,307	3,550,503	19,645,906
Depreciation	6,129,735	160,632	2,539,255	520,863	787,299	10,137,784
Interest	2,831,382	629,887	1,173,284	146,623	-	4,781,176
Utilities	814,026	99,586	879,905	64,374	-	1,857,891
Operations and maintenance	4,676,744	546,023	4,111,604	421,387	(9,755,758)	-
	<u>\$ 67,567,831</u>	<u>\$ 2,152,267</u>	<u>\$ 19,711,104</u>	<u>\$ 18,756,830</u>	<u>\$ -</u>	<u>\$ 108,188,032</u>

Capitalized interest totaled \$110,535 and \$0 for the years ended June 30, 2022 and 2021, respectively.

Note 12 - Contingencies and Commitments

On June 30, 2022 and 2021, open contracts for the construction of physical properties amounted to \$8,158,422 and \$910,630, respectively.

The College is involved in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the College's financial position.

Note 13 - Subsequent Events

The College has evaluated subsequent events from June 30, 2022 and through October 22, 2022, the date the consolidated financial statements were issued.

Supplemental Information

DICKINSON COLLEGE

Supplemental Schedule

Year Ended June 30, 2022

	Current Operations	Other Unrestricted	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:					
Student charges, net	\$ 84,802,575	\$ (158,565)	\$ 84,644,010	\$ -	\$ 84,644,010
Contributions	1,786,580	6,976,625	8,763,205	18,089,135	26,852,340
Grants and appropriations	687,040	3,431,826	4,118,866	-	4,118,866
Investment return (loss), net	90,945	348,710	439,655	(3,719,451)	(3,279,796)
Appropriations of investment return, net	18,619,986	(4,867,677)	13,752,309	(13,752,309)	-
Change in value of split-interest agreements	-	(376,078)	(376,078)	1,810,002	1,433,924
Gain on extinguishment of debt	-	2,273,333	2,273,333	-	2,273,333
Sales and services of auxiliary enterprises	4,306,300	-	4,306,300	-	4,306,300
Other revenues	1,360,814	767,035	2,127,849	-	2,127,849
Net assets released from restrictions	1,069,052	4,562,652	5,631,704	(5,631,704)	-
Total revenues	112,723,292	12,957,861	125,681,153	(3,204,327)	122,476,826
Expenses:					
Education	63,659,148	9,628,175	73,287,323	-	73,287,323
Research	1,828,963	818,449	2,647,412	-	2,647,412
Auxiliary enterprises	23,407,836	1,428,170	24,836,006	-	24,836,006
Management and general	19,608,415	612,693	20,221,108	-	20,221,108
Total expenses	108,504,362	12,487,487	120,991,849	-	120,991,849
Change in net assets before additions to reserves	4,218,930	470,374	4,689,304	(3,204,327)	1,484,977
Additions to reserves	(4,218,930)	4,218,930	-	-	-
Change in net assets	-	4,689,304	4,689,304	(3,204,327)	1,484,977
Net assets, beginning of year	-	428,254,069	428,254,069	283,581,544	711,835,613
Net assets, end of year	\$ -	\$ 432,943,373	\$ 432,943,373	\$ 280,377,217	\$ 713,320,590