# Consolidated Financial Statements and Supplemental Information

# Dickinson College

**June 30, 2023 and 2022**

**DICKINSON COLLEGE**

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

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*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 statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dickinson College as of June 30, 2023 and 2022, and the consolidated 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 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 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 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.

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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 audits were 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 audits 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.

Mayer Hoffman McCann P.C.

Boston, Massachusetts
October 24, 2023

# DICKINSON COLLEGE

## *Consolidated Statements of Financial Position*

| | | June 30, | | |
|---|---|---|---|---|
| | | **2023** | | **2022** |
| **Assets** | | | | |
| Cash and cash equivalents | $ | 9,211,428 | $ | 15,584,469 |
| Accounts and other receivables, net | | 5,433,968 | | 5,010,252 |
| Inventories, prepaid expenses, and other assets | | 6,785,679 | | 7,460,734 |
| Contributions receivable, net | | 26,146,762 | | 33,601,715 |
| Loans receivable, net | | 6,405,764 | | 6,443,451 |
| Investments | | 561,683,085 | | 554,146,622 |
| Investments under split-interest agreements | | 6,070,797 | | 5,353,979 |
| Deposits with trustees under debt agreements | | 5,939,532 | | 15,257,920 |
| Property and equipment, net | | 194,900,193 | | 184,458,424 |
| Funds held in trust by others | | 50,841,848 | | 48,204,408 |
| **Total assets** | **$** | **873,419,056** | **$** | **875,521,974** |
| **Liabilities and Net Assets** | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | $ | 14,137,363 | $ | 15,645,819 |
| Student deposits and deferred revenue | | 4,114,307 | | 3,947,216 |
| Funds held in custody for others | | 3,815,196 | | 3,475,146 |
| Annuities payable | | 2,733,043 | | 2,754,626 |
| U.S. government advances refundable | | 582,890 | | 1,016,612 |
| Obligations under finance leases | | 1,267,096 | | 585,663 |
| Debt, net | | 131,531,084 | | 134,776,302 |
| **Total liabilities** | | **158,180,979** | | **162,201,384** |
| Net assets: | | | | |
| Without donor restrictions | | 433,799,043 | | 432,943,373 |
| With donor restrictions | | 281,439,034 | | 280,377,217 |
| **Total net assets** | | **715,238,077** | | **713,320,590** |
| **Total liabilities and net assets** | **$** | **873,419,056** | **$** | **875,521,974** |

*See accompanying notes to the consolidated financial statements.*

## DICKINSON COLLEGE

### *Consolidated Statement of Activities*

***Year Ended June 30, 2023***
***(with comparative totals for 2022)***

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| **Revenues:** | | | | |
| Student charges, net | $ 86,447,372 | $ - | $ 86,447,372 | $ 84,644,010 |
| Contributions | 1,618,256 | 16,308,529 | 17,926,785 | 26,852,340 |
| Grants and appropriations | 2,788,202 | - | 2,788,202 | 4,118,866 |
| Investment return, net | 8,883,722 | 11,206,099 | 20,089,821 | (3,279,796) |
| Appropriations of investment return, net | 11,563,030 | (11,563,030) | - | - |
| Change in value of split-interest agreements | - | (3,998,663) | (3,998,663) | 1,433,924 |
| Gain on extinguishment of debt | - | - | - | 2,273,333 |
| Sales and services of auxiliary enterprises | 4,393,620 | - | 4,393,620 | 4,306,300 |
| Other revenues | 2,103,709 | - | 2,103,709 | 2,127,849 |
| Net assets released from restrictions | 10,891,118 | (10,891,118) | - | - |
| **Total revenues** | **128,689,029** | **1,061,817** | **129,750,846** | **122,476,826** |
| **Expenses:** | | | | |
| Education | 76,191,246 | - | 76,191,246 | 73,287,323 |
| Research | 2,849,604 | - | 2,849,604 | 2,647,412 |
| Auxiliary enterprises | 26,844,214 | - | 26,844,214 | 24,836,006 |
| Management and general | 21,948,295 | - | 21,948,295 | 20,221,108 |
| **Total expenses** | **127,833,359** | **-** | **127,833,359** | **120,991,849** |
| **Change in net assets** | **855,670** | **1,061,817** | **1,917,487** | **1,484,977** |
| Net assets, beginning of year | 432,943,373 | 280,377,217 | 713,320,590 | 711,835,613 |
| **Net assets, end of year** | **$ 433,799,043** | **$ 281,439,034** | **$ 715,238,077** | **$ 713,320,590** |

*See accompanying notes to the consolidated financial statements.*

# DICKINSON COLLEGE

## *Consolidated Statement of Activities*

### *Year Ended June 30, 2022*

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Revenues:** | | | |
| Student charges, net | $ 84,644,010 | $ - | $ 84,644,010 |
| Contributions | 8,763,205 | 18,089,135 | 26,852,340 |
| Grants and appropriations | 4,118,866 | - | 4,118,866 |
| Investment return (loss), net | 439,655 | (3,719,451) | (3,279,796) |
| 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 |
| Gain on extinguishment of debt | 2,273,333 | - | 2,273,333 |
| Sales and services of auxiliary enterprises | 4,306,300 | - | 4,306,300 |
| Other revenues | 2,127,849 | - | 2,127,849 |
| Net assets released from restrictions | 5,631,704 | (5,631,704) | - |
| **Total revenues** | **125,681,153** | **(3,204,327)** | **122,476,826** |
| **Expenses:** | | | |
| Education | 73,287,323 | - | 73,287,323 |
| Research | 2,647,412 | - | 2,647,412 |
| Auxiliary enterprises | 24,836,006 | - | 24,836,006 |
| Management and general | 20,221,108 | - | 20,221,108 |
| **Total expenses** | **120,991,849** | **-** | **120,991,849** |
| **Change in net assets** | **4,689,304** | **(3,204,327)** | **1,484,977** |
| Net assets, beginning of year | 428,254,069 | 283,581,544 | 711,835,613 |
| **Net assets, end of year** | **$ 432,943,373** | **$ 280,377,217** | **$ 713,320,590** |

## DICKINSON COLLEGE

### *Consolidated Statements of Cash Flows*

| | *Years Ended June 30,* | |
|---|---|---|
| | ***2023*** | ***2022*** |
| **Cash flows from operating activities:** | | |
| Change in net assets | $ 1,917,487 | $ 1,484,977 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 10,076,520 | 9,904,799 |
| Amortization of bond issuance costs | 92,202 | 78,660 |
| Amortization of bond premium | (1,215,706) | (1,146,659) |
| Gain on disposition of fixed assets | (32,566) | (102,980) |
| Gain on extinguishment of debt | - | (2,273,333) |
| Net realized and unrealized gains on investments | (11,371,976) | (251,021) |
| Change in value of funds held in trust by others | (2,637,440) | 5,268,984 |
| Change in allowance for loan loss | 112,084 | 28,818 |
| Gifts received for permanently restricted net assets and capital projects | (6,380,894) | (4,868,389) |
| Change in assets and liabilities: | | |
| Accounts and other receivables, net | (423,716) | (804,385) |
| Inventories, prepaid expenses, and other assets | 675,055 | 823,844 |
| Contributions receivable, net | 7,454,953 | (11,047,771) |
| Accounts payable and accrued expenses | (2,657,018) | (1,244,344) |
| Student deposits and deferred revenue | 167,091 | 182,532 |
| Funds held in custody for others | 340,050 | 115,047 |
| Total adjustments | (5,801,361) | (5,336,198) |
| **Net cash used in operating activities** | **(3,883,874)** | **(3,851,221)** |
| **Cash flows from investing activities:** | | |
| Proceeds from sales of investments | 126,812,119 | 140,062,259 |
| Purchase of investments | (123,693,424) | (136,114,006) |
| Purchase of property and equipment | (18,346,891) | (4,085,254) |
| Proceeds from sale of property and equipment | 32,566 | 258,301 |
| Student loans collected | 1,237,598 | 1,154,484 |
| Student loans advanced | (1,311,995) | (1,216,438) |
| **Net cash (used in) provided by investing activities** | **(15,270,027)** | **59,346** |
| **Cash flows from financing activities:** | | |
| Proceeds from issuance of debt, net | 32,530,567 | 16,022,016 |
| Payments for deferred financing costs | (345,797) | (171,229) |
| Payments on debt, net – refinancing | (31,395,000) | (392,438) |
| Payments on debt, net – scheduled | (2,911,484) | (3,438,989) |
| Change in deposits with trustees under debt agreements | 9,318,388 | (15,257,903) |
| Principal payments under finance lease obligations | (341,403) | (266,705) |
| Gifts received for permanently restricted net assets and capital projects | 6,380,894 | 4,868,389 |
| Changes in annuities payable | (21,583) | (524,389) |
| Change in U.S. government advances refundable | (433,722) | (463,800) |
| **Net cash provided by financing activities** | **12,780,860** | **374,952** |
| **Net decrease in cash and cash equivalents** | **(6,373,041)** | **(3,416,923)** |
| Cash and cash equivalents, beginning of year | 15,584,469 | 19,001,392 |
| **Cash and cash equivalents, end of year** | **$ 9,211,428** | **$ 15,584,469** |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the year for interest | **$ 5,880,097** | **$ 5,622,798** |
| Supplemental disclosure of noncash activities: | | |
| Assets acquired related to finance leases | **$ 1,022,836** | **$ 124,607** |
| Purchase of property and equipment included in accounts payable | **$ 2,194,828** | **$ 1,046,266** |

*See accompanying notes to the 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.

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 3% and 4% of the total amounts billed for the fiscal years ended June 30, 2023 and 2022, respectively.

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:

| | 2023 | 2022 |
|---|---|---|
| Tuition and fees | $ 125,761,594 | $ 122,008,532 |
| Room and board | 32,792,415 | 32,002,479 |
| Gross student charges | 158,554,009 | 154,011,011 |
| Student aid | (72,106,637) | (69,367,001) |
| **Student charges, net** | **$ 86,447,372** | **$ 84,644,010** |

*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 $2,704,170 on June 30, 2022 was recognized into revenue during fiscal year 2023. The balance of student deposits and deferred revenue related to contracts with students and other customers of $1,892,563 on June 30, 2023, less any refunds issued, will be recognized as revenue over the academic year as services are rendered.

*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, 2023, the College had $2,760,590 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, 2023 and 2022, $17,153,562 and $21,105,138 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 2.5% and 2.1% for the years ended June 30, 2023 and 2022, respectively.

Direct fundraising expenses for the years ended June 30, 2023 and 2022 were $5,830,078 and $4,970,886, respectively, and are included in management and general expenses in the consolidated statements of activities.

### *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. The College has 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 $635,323 and $648,236 for the years ended June 30, 2023 and 2022, 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 $385,215 and $273,131 on June 30, 2023 and 2022, respectively.

### *Investments and Fair Value Measurements*

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.

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 4.2% and 3.6% as of June 30, 2023 and 2022, respectively.

Funds held in trust by others represent the College's beneficial interest in various irrevocable trusts which are recorded at fair value, using Level 3 inputs. These funds are neither in the possession nor under the control of the College. Because of the permanent right of the College to benefit from these funds, the College reports its share of these trusts on its consolidated financial statements as funds held in trust by others.

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 $46,145,741 and $43,726,592 on June 30, 2023 and 2022, respectively. Annual distributions amounted to $1,687,500 and $1,698,750 for the years ended June 30, 2023 and 2022, respectively, and are included under appropriations of investment return, net on the consolidated statements of activities.

### *Deposits with Trustees under Debt Agreements*

Deposits with trustees under debt agreements are reported at fair value using Level 1 inputs. These funds consist of amounts 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.

### *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.

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, 2023 and 2022.

### *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 operating 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. Resources held on behalf of others are included in cash and cash equivalents and investments in the consolidated statements of financial position, with the related obligation included 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, 2023 or 2022.

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.

### *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.

| | *June 30, 2023* | | | |
|---|---|---|---|---|
| | ***Level 1*** | ***Level 2*** | ***Level 3*** | ***Total*** |
| Investments: | | | | |
| Cash and cash equivalents | $ 11,063,022 | $ - | $ - | $ 11,063,022 |
| Fixed income | 48,904,341 | - | - | 48,904,341 |
| Equities | 2,147,524 | - | - | 2,147,524 |
| Real estate | - | 5,862,260 | - | 5,862,260 |
| Investments recorded at NAV: | | | | |
| Hedge funds | | | | 219,644,811 |
| Private equity funds | | | | 274,061,127 |
| Total investments | 62,114,887 | 5,862,260 | - | 561,683,085 |
| Investments under split-interest agreements: | | | | |
| Cash and cash equivalents | 162,920 | - | - | 162,920 |
| Fixed income | 1,579,044 | - | - | 1,579,044 |
| Equities | 4,328,833 | - | - | 4,328,833 |
| Total investments under split-interest agreements | 6,070,797 | - | - | 6,070,797 |
| Other assets: | | | | |
| Deposits with trustees under debt agreements | 5,939,532 | - | - | 5,939,532 |
| Funds held in trust by others | - | - | 50,841,848 | 50,841,848 |
| **Total** | **$ 74,125,216** | **$ 5,862,260** | **$ 50,841,848** | **$ 624,535,262** |

| | June 30, 2022 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| 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** |

### *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 two lines of credit with separate institutions totaling $30,000,000, which are renewed on an annual basis. There was no outstanding balance on either line of credit as of June 30, 2023 and 2022.

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

| | 2023 | 2022 |
|---|---|---|
| Cash and cash equivalents | $ 9,211,428 | $ 15,584,469 |
| Accounts and contributions receivable, net | 31,580,730 | 38,611,967 |
| Loans receivable, net | 6,405,764 | 6,443,451 |
| Investments and funds held in trust by others | 618,595,730 | 607,705,009 |
| Deposits with trustees under debt agreements | 5,939,532 | 15,257,920 |
| Total financial assets | 671,733,184 | 683,602,816 |
| Less: | | |
| Cash and investments held in operating reserves | (5,873,902) | (7,511,866) |
| Endowed contributions receivable and receivables scheduled to be collected in more than one year | (25,451,931) | (33,121,144) |
| Loans receivable, net | (6,405,764) | (6,443,451) |
| Investments held in split-interest reserves | (2,550,525) | (2,269,637) |
| Pooled endowment investments and funds held in trust by others, net of appropriations over the next 12 months | (559,661,652) | (561,323,659) |
| Other investments | (5,862,260) | (5,894,107) |
| Deposits with trustees under debt agreements | (5,939,532) | (15,257,920) |
| **Financial assets available to meet cash needs for general expenditures within one year** | **$ 59,987,618** | **$ 51,781,032** |

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 $354,694,120 and $352,475,789 in board-designated endowment net assets as of June 30, 2023 and 2022, 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.

Investment liquidity, including investments under split-interest agreements, as of June 30, 2023 is aggregated below based on redemption or sale period:

| | | |
|---|---|---|
| Daily | $ | 74,047,944 |
| Monthly | | 90,041,451 |
| Quarterly | | 129,603,360 |
| Illiquid | | 274,061,127 |
| | **$** | **567,753,882** |

The College's hedge funds have monthly to quarterly redemptions with 90 to 100-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, 2023 were $158,701,135.

### *Note 4 - Contributions Receivable*

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

| | | ***2023*** | | ***2022*** |
|---|---|---|---|---|
| Contributions receivable expected to be collected in: | | | | |
| Less than one year | $ | 5,934,729 | $ | 6,282,022 |
| One year to five years | | 8,066,447 | | 12,415,386 |
| Over five years | | 15,751,570 | | 19,433,203 |
| | | 29,752,746 | | 38,130,611 |
| Less discount | | (3,132,658) | | (3,896,495) |
| Allowance for uncollectible contributions receivable | | (473,326) | | (632,401) |
| | **$** | **26,146,762** | **$** | **33,601,715** |

### *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 $536,473,548 and $537,244,099 on June 30, 2023 and 2022, 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.

### *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 4.75% 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, 2023 and 2022. 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.

### *Net Asset Classifications of Endowment Funds*

Net asset classification by type of endowment as of June 30, 2023:

| | Without Donor Restrictions | With Donor Restrictions - Time/Purpose | With Donor Restrictions - Perpetual | Total |
|---|---|---|---|---|
| Board-designated endowment funds: | | | | |
| Pooled endowment investments | $ 350,398,600 | $ - | $ - | $ 350,398,600 |
| Real asset investments | 3,167,981 | - | - | 3,167,981 |
| Property and equipment, net | 4,426,523 | - | - | 4,426,523 |
| Total board-designated endowment funds | 357,993,104 | - | - | 357,993,104 |
| Donor-restricted endowment funds: | | | | |
| Contributions receivable, net | - | 22,856,133 | 848,331 | 23,704,464 |
| Pooled endowment investments: | | | | |
| Original gift | - | - | 93,150,136 | 93,150,136 |
| Accumulated net gains and losses | - | 92,924,812 | - | 92,924,812 |
| Total pooled endowment investments | - | 92,924,812 | 93,150,136 | 186,074,948 |
| Investments under split-interest agreements | - | 3,376,123 | 2,694,674 | 6,070,797 |
| Funds held in trust by others | - | - | 50,841,848 | 50,841,848 |
| Total donor-restricted endowment funds | - | 119,157,068 | 147,534,989 | 266,692,057 |
| Total endowment assets | 357,993,104 | 119,157,068 | 147,534,989 | 624,685,161 |
| Agency and annuity liabilities | (3,298,984) | (1,700,485) | (1,032,559) | (6,032,028) |
| **Total endowment net assets** | **$ 354,694,120** | **$ 117,456,583** | **$ 146,502,430** | **$ 618,653,133** |

Changes in endowment net assets for the year ended June 30, 2023:

| | Without Donor Restrictions | With Donor Restrictions - Time/Purpose | With Donor Restrictions - Perpetual | Total |
|---|---|---|---|---|
| Endowment net assets, beginning of year | $ 352,475,789 | $ 131,820,832 | $ 140,959,534 | $ 625,256,155 |
| Investment return, net and change in value of split-interest agreements | 7,064,622 | 2,469,814 | 4,737,621 | 14,272,057 |
| Contributions | 5,332,953 | (4,723,994) | 2,695,645 | 3,304,604 |
| Other additions/transfers | 55,000 | - | - | 55,000 |
| Appropriation of endowment assets for expenditure | (11,909,366) | (12,110,069) | (1,905,606) | (25,925,041) |
| Reinvested appropriations | 1,675,122 | - | 15,236 | 1,690,358 |
| | **$ 354,694,120** | **$ 117,456,583** | **$ 146,502,430** | **$ 618,653,133** |

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

| | Without Donor Restrictions | With Donor Restrictions - Time/Purpose | With Donor Restrictions - Perpetual | Total |
|---|---|---|---|---|
| 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 | 4,426,523 | - | - | 4,426,523 |
| Total board-designated endowment funds | 355,735,083 | - | - | 355,735,083 |
| 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 | - | 98,865,397 | - | 98,865,397 |
| 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 | - | - | 48,204,408 | 48,204,408 |
| Total donor-restricted endowment funds | - | 133,702,734 | 141,832,258 | 275,534,992 |
| Total endowment assets | 355,735,083 | 133,702,734 | 141,832,258 | 631,270,075 |
| Agency and annuity liabilities | (3,259,294) | (1,881,902) | (872,724) | (6,013,920) |
| **Total endowment net assets** | **$ 352,475,789** | **$ 131,820,832** | **$ 140,959,534** | **$ 625,256,155** |

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

| | Without Donor Restrictions | With Donor Restrictions - Time/Purpose | With Donor Restrictions - Perpetual | Total |
|---|---|---|---|---|
| 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 | 4,421,454 | - | 15,702 | 4,437,156 |
| | **$ 352,475,789** | **$ 131,820,832** | **$ 140,959,534** | **$ 625,256,155** |

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

| | 2023 | 2022 |
|---|---|---|
| Scholarships and financial aid | $ 10,015,667 | $ 9,526,347 |
| Endowed chairs and faculty support | 2,911,792 | 2,776,426 |
| Operation/maintenance of facilities | 2,181,938 | 2,098,663 |
| Academic programs and student life | 3,124,829 | 2,926,400 |
| Other | 6,000,457 | 5,524,547 |
| | **$ 24,234,683** | **$ 22,852,383** |

### *Note 6 - Property and Equipment*

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

| | 2023 | 2022 |
|---|---|---|
| Land | $ 11,406,495 | $ 11,406,495 |
| Buildings and improvements | 319,451,625 | 317,389,661 |
| Finance leases and leasehold improvements | 2,474,934 | 1,452,098 |
| Equipment | 24,877,555 | 24,190,699 |
| Library books | 10,801,948 | 10,999,564 |
| Rare works | 3,130,503 | 3,130,503 |
| Construction in progress | 19,093,858 | 3,346,329 |
| | 391,236,918 | 371,915,349 |
| Less accumulated depreciation | 196,336,725 | 187,456,925 |
| | **$ 194,900,193** | **$ 184,458,424** |

Depreciation expense totaled $10,076,520 and $9,904,799 for the years ended June 30, 2023 and 2022, respectively.

### *Note 7 - Lease Commitments*

The College is a lessee for 21 operating leases, primarily related to real estate. These leases have an average remaining lease term of approximately two years, some of which include an option to extend or terminate, and were calculated using a weighted average discount rate of 1.04% and 1.11% at June 30, 2023 and 2022, respectively. Operating lease right-of-use assets and liabilities as of June 30, 2023 were $3,092,727 and $3,227,567, respectively. Operating lease right-of-use assets and liabilities as of June 30, 2022 were $4,476,662 and $4,630,550, respectively. The College added $109,186 and $186,252 in new operating leases, net of cancellations and other adjustments, for the years ended June 30, 2023 and 2022, respectively.

The components of total rental expense for the years ended June 30, 2023 and 2022 are as follows:

| | ***2023*** | ***2022*** |
|---|---|---|
| Operating lease cost | $ 1,421,333 | $ 1,535,327 |
| Short-term lease cost | 299,199 | 153,971 |
| Non-lease rent expense | 319,506 | 248,639 |
| | **$ 2,040,038** | **$ 1,937,937** |

Future payments due under operating and finance leases as of June 30, 2023, are as follows:

| | ***Operating*** | ***Finance*** |
|---|---|---|
| 2024 | $ 1,125,635 | $ 461,178 |
| 2025 | 1,073,078 | 239,932 |
| 2026 | 1,004,975 | 191,508 |
| 2027 | 56,234 | 191,508 |
| 2028 | - | 191,508 |
| Thereafter | - | 103,676 |
| Total minimum lease payments | 3,259,922 | 1,379,310 |
| Less amount representing interest | (32,355) | (112,214) |
| **Present value of net minimum lease payments** | **$ 3,227,567** | **$ 1,267,096** |

***Note 8 - Debt, net***

Debt, net as of June 30 consists of the following:

| | 2023 | 2022 |
|---|---|---|
| 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 |
| Series 2016, maturing annually to 2034 in principal amounts ranging from $1,315,000 to $4,595,000 with a fixed interest rate of 5.0% | 33,310,000 | 34,570,000 |
| Series 2017, maturing annually to 2047 in principal amounts ranging from $390,000 to $4,700,000 with a fixed interest rate of 5.0%. | 28,760,000 | 29,135,000 |
| 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 2026 in principal amounts ranging from $950,000 to $1,240,000 with a fixed interest rate of 5.0%. | 4,370,000 | 5,505,000 |
| 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 | 14,450,000 |
| Series 2022B, maturing annually to 2042 in principal amounts ranging from $785,000 to $2,830,000 with a fixed interest rate of 5.0%. | 29,825,000 | - |
| Unamortized bond premiums, net | 11,984,839 | 10,494,978 |
| Unamortized issuance costs, net | (1,036,550) | (782,955) |
| Total bonds payable | 130,898,289 | 134,002,023 |
| Note payable | 632,795 | 774,279 |
| **Total debt, net** | **$ 131,531,084** | **$ 134,776,302** |

### *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.

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 issued $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 are being used to finance capital improvements on campus. The proceeds of the Series 2022B bonds were used to refund the College's Series 2012 bonds on November 1, 2022. The refunding resulted in a gain of $2,273,333, which was 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, 2023 are as follows:

| | | |
|---|---|---|
| 2024 | $ | 3,670,000 |
| 2025 | | 3,860,000 |
| 2026 | | 4,045,000 |
| 2027 | | 4,255,000 |
| 2028 | | 4,445,000 |
| Thereafter | | 99,675,000 |
| **Total** | **$** | **119,950,000** |

### *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, 2023 are as follows:

| | | |
|---|---|---|
| 2024 | $ | 149,669 |
| 2025 | | 158,193 |
| 2026 | | 167,070 |
| 2027 | | 157,863 |
| **Total** | **$** | **632,795** |

### *Note 9 - Net Assets*

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

| | 2023 | 2022 |
|---|---|---|
| Without donor restrictions: | | |
| Board-designated endowment funds | $ 354,694,120 | $ 352,475,789 |
| Operating reserve funds | 5,873,902 | 7,511,866 |
| Plant and capital project funds | 54,584,888 | 54,739,618 |
| Other operating funds | 18,646,133 | 18,216,100 |
| Total net assets without donor restrictions | 433,799,043 | 432,943,373 |
| With donor restrictions: | | |
| Donor-restricted endowment funds | 263,959,013 | 272,780,366 |
| Purpose and time restricted | 17,480,021 | 7,596,851 |
| Total net assets with donor restrictions | 281,439,034 | 280,377,217 |
| **Total net assets** | **$ 715,238,077** | **$ 713,320,590** |

Net assets were released from donor-imposed restrictions for the years ended June 30, 2023 and 2022 for the following purposes:

| | 2023 | 2022 |
|---|---|---|
| Time restricted: | | |
| Contributions receivable | $ 5,328,131 | $ 500 |
| Split-interest agreements | - | 120,636 |
| Purpose restricted: | | |
| Education | 4,077,792 | 3,619,209 |
| Research | 122,254 | 339,339 |
| Management and general | 140,752 | 110,394 |
| Construction or acquisition of fixed assets | 209,043 | 397,233 |
| Student aid | 1,005,746 | 1,044,393 |
| Auxiliary enterprises | 7,400 | - |
| **Total net assets released from restrictions** | **$ 10,891,118** | **$ 5,631,704** |
| Appropriations of investment return, net | $ 11,563,030 | $ 13,752,309 |

### *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, 2023 and 2022 was $3,954,815 and $2,929,481, respectively.

### *Note 11 - Functional Expenses*

Expenses by functional and natural classification for the year ended June 30, 2023 were as follows:

| | Education | Research | Auxiliary Enterprises | Management and General | Operations and Maintenance | Total |
|---|---|---|---|---|---|---|
| Salaries and wages | $ 34,417,168 | $ 668,301 | $ 5,407,259 | $ 12,499,196 | $ 3,875,942 | $ 56,867,866 |
| Employee benefits | 12,432,045 | 95,469 | 2,155,168 | 4,707,319 | 2,125,902 | 21,515,903 |
| Supplies, services, other | 14,982,669 | 395,350 | 9,693,817 | 3,255,376 | 4,041,291 | 32,368,503 |
| Depreciation | 5,912,888 | 170,799 | 2,544,386 | 632,039 | 816,408 | 10,076,520 |
| Interest | 2,594,189 | 598,646 | 1,437,140 | 16,374 | - | 4,646,349 |
| Utilities | 968,042 | 117,186 | 1,175,088 | 97,902 | - | 2,358,218 |
| Operations and maintenance | 4,884,245 | 803,853 | 4,431,356 | 740,089 | (10,859,543) | - |
| | **$ 76,191,246** | **$ 2,849,604** | **$ 26,844,214** | **$ 21,948,295** | **$ -** | **$ 127,833,359** |

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

| | Education | Research | Auxiliary Enterprises | Management and General | Operations and Maintenance | Total |
|---|---|---|---|---|---|---|
| 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) | - |
| | **$ 73,287,323** | **$ 2,647,412** | **$ 24,836,006** | **$ 20,221,108** | **$ -** | **$ 120,991,849** |

Capitalized interest totaled $336,073 and $110,535 for the years ended June 30, 2023 and 2022, respectively.

### *Note 12 - Contingencies and Commitments*

On June 30, 2023 and 2022, open contracts for the construction of physical properties amounted to $10,381,928 and $8,158,422, 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 are not expected to have a material adverse effect on the College’s financial position.

### *Note 13 - Subsequent Events*

The College has evaluated subsequent events from June 30, 2023 and through October 24, 2023, the date the consolidated financial statements were issued. Management determined that no events occurred through that date that required adjustment or disclosure in the consolidated financial statements.

*Supplemental Information*

**DICKINSON COLLEGE**

***Supplemental Schedule***

***Year Ended June 30, 2023***

| | *Current Operations* | *Other Unrestricted* | *Without Donor Restrictions* | *With Donor Restrictions* | *Total* |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Student charges, net | $ 86,593,024 | $ (145,652) | $ 86,447,372 | $ - | $ 86,447,372 |
| Contributions | 1,613,434 | 4,822 | 1,618,256 | 16,308,529 | 17,926,785 |
| Grants and appropriations | 672,638 | 2,115,564 | 2,788,202 | - | 2,788,202 |
| Investment return, net | 1,515,277 | 7,368,445 | 8,883,722 | 11,206,099 | 20,089,821 |
| Appropriations of investment return, net | 19,776,109 | (8,213,079) | 11,563,030 | (11,563,030) | - |
| Change in value of split-interest agreements | - | - | - | (3,998,663) | (3,998,663) |
| Sales and services of auxiliary enterprises | 4,393,620 | - | 4,393,620 | - | 4,393,620 |
| Other revenues | 1,651,345 | 452,364 | 2,103,709 | - | 2,103,709 |
| Net assets released from restrictions | 1,148,666 | 9,742,452 | 10,891,118 | (10,891,118) | - |
| **Total revenues** | **117,364,113** | **11,324,916** | **128,689,029** | **1,061,817** | **129,750,846** |
| **Expenses:** | | | | | |
| Education | 66,796,786 | 9,394,460 | 76,191,246 | - | 76,191,246 |
| Research | 1,940,890 | 908,714 | 2,849,604 | - | 2,849,604 |
| Auxiliary enterprises | 24,262,614 | 2,581,600 | 26,844,214 | - | 26,844,214 |
| Management and general | 20,079,983 | 1,868,312 | 21,948,295 | - | 21,948,295 |
| **Total expenses** | **113,080,273** | **14,753,086** | **127,833,359** | **-** | **127,833,359** |
| Change in net assets before additions to reserves | 4,283,840 | (3,428,170) | 855,670 | 1,061,817 | 1,917,487 |
| Additions to reserves | (4,283,840) | 4,283,840 | - | - | - |
| **Change in net assets** | **-** | **855,670** | **855,670** | **1,061,817** | **1,917,487** |
| Net assets, beginning of year | - | 432,943,373 | 432,943,373 | 280,377,217 | 713,320,590 |
| **Net assets, end of year** | **$ -** | **$ 433,799,043** | **$ 433,799,043** | **$ 281,439,034** | **$ 715,238,077** |