WHITTIER COLLEGE

Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

WHITTIER COLLEGE

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KPMG LLP
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Independent Auditors' Report

The Board of Trustees
Whittier College:

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

KPMG

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Schedule of Financial Responsibility Data is presented for purposes of additional analysis as required by the US Department of Education, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Schedule of Financial Responsibility Data is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California
March 18, 2024

WHITTIER COLLEGE

Statements of Financial Position

June 30, 2023 and 2022

Assets		2023	2022
Cash and cash equivalents	$	7,097,416	22,162,668
Short-term investments (note 4)		32,617,328	36,044,270
Accounts and loans receivable, net (note 2)		5,653,725	6,252,537
Prepaid expenses and other assets		531,063	487,416
Pledges receivable, net (note 3)		3,207,813	3,562,791
Long-term investments (note 4)		132,908,215	129,206,425
Plant facilities, net (note 7)		90,541,268	96,551,494
Total assets	$	272,556,828	294,267,601
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	$	6,080,155	6,418,684
Student deposits and deferred revenue		1,075,336	1,546,132
Interest rate swap liability (note 8)		440,460	1,840,130
Loans and notes payable (note 8)		41,382,787	52,089,195
Actuarial liability for life income agreements		1,648,907	1,491,318
Asset retirement obligation		771,540	745,449
Funds held in custody for others		477,789	593,851
Total liabilities		51,876,974	64,724,759
Net assets (note 10):			
Without donor restrictions		111,466,234	123,384,841
With donor restrictions		109,213,620	106,158,001
Total net assets		220,679,854	229,542,842
Total liabilities and net assets	$	272,556,828	294,267,601

See accompanying notes to financial statements.

WHITTIER COLLEGE

Statement of Activities

Year ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Student tuition and fees, net of $30,224,423 in student aid in 2023	$ 24,004,868	—	24,004,868
Private gifts, grants, and pledges	1,900,213	2,127,509	4,027,722
Government grants	378,429	177,264	555,693
Investment income	1,452,205	1,976,997	3,429,202
Auxiliary enterprises	8,539,592	—	8,539,592
Other	5,696,695	29,775	5,726,470
	41,972,002	4,311,545	46,283,547
Net assets released from restrictions:			
Endowment returns designated for spending	3,885,935	(3,885,935)	—
Satisfaction of donor restrictions	1,920,088	(1,920,088)	—
Total revenues and other support	47,778,025	(1,494,478)	46,283,547
Expenses:			
Compensation expenses	32,902,245	—	32,902,245
Services, supplies and other expenses	13,722,794	—	13,722,794
Plant expenditures	6,322,533	—	6,322,533
Depreciation expense	6,059,871	—	6,059,871
Debt service-interest and other costs	2,128,085	—	2,128,085
Total expenses	61,135,528	—	61,135,528
Decrease in net assets from operating activities	(13,357,503)	(1,494,478)	(14,851,981)
Nonoperating activities:			
Net realized and unrealized gain on investments	690,617	4,668,642	5,359,259
Net change in actuarial liability for life income agreements	—	(118,545)	(118,545)
Unrealized gain on interest rate swap liability	748,279	—	748,279
Increase in net assets from nonoperating activities	1,438,896	4,550,097	5,988,993
Change in net assets	(11,918,607)	3,055,619	(8,862,988)
Net assets:			
Beginning of year	123,384,841	106,158,001	229,542,842
End of year	$ 111,466,234	109,213,620	220,679,854

See accompanying notes to financial statements.

WHITTIER COLLEGE

Statement of Activities

Year ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Student tuition and fees, net of $38,314,368 in student aid in 2022	$ 25,796,747	—	25,796,747
Private gifts, grants, and pledges	2,888,981	2,687,999	5,576,980
Government grants	5,670,043	—	5,670,043
Investment income	1,160,438	2,060,310	3,220,748
Auxiliary enterprises	8,447,895	—	8,447,895
Other	702,744	21,973	724,717
	44,666,848	4,770,282	49,437,130
Net assets released from restrictions:			
Endowment returns designated for spending	3,559,414	(3,559,414)	—
Satisfaction of donor restrictions	1,453,865	(1,453,865)	—
Total revenues and other support	49,680,127	(242,997)	49,437,130
Expenses:			
Compensation expenses	31,912,674	—	31,912,674
Services, supplies and other expenses	11,716,182	—	11,716,182
Plant expenditures	5,513,118	—	5,513,118
Depreciation expense	5,652,480	—	5,652,480
Debt service-interest and other costs	2,181,171	—	2,181,171
Total expenses	56,975,625	—	56,975,625
Decrease in net assets from operating activities	(7,295,498)	(242,997)	(7,538,495)
Nonoperating activities:			
Net realized and unrealized loss on investments	(5,429,099)	(11,395,411)	(16,824,510)
Net change in actuarial liability for life income agreements	—	120,964	120,964
Unrealized gain on interest rate swap liability	2,276,175	—	2,276,175
Other	(3,504,918)	(143,731)	(3,648,649)
Decrease in net assets from nonoperating activities	(6,657,842)	(11,418,178)	(18,076,020)
Change in net assets	(13,953,340)	(11,661,175)	(25,614,515)
Net assets:			
Beginning of year	137,338,181	117,819,176	255,157,357
End of year	$ 123,384,841	106,158,001	229,542,842

See accompanying notes to financial statements.

WHITTIER COLLEGE

Statements of Cash Flows

Years ended June 30, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Change in net assets	$	(8,862,988)	(25,614,515)
Adjustments to reconcile change in net assets to net cash used in by operating activities:			
Depreciation expense		6,080,485	5,673,094
Unrealized gain on interest rate swap liability		(748,279)	(2,276,175)
Net realized and unrealized (gain) loss on investments		(5,359,259)	16,824,510
Loss on sale and disposal of plant assets, net		487,536	—
Restricted contributions		(541,444)	(849,983)
Net change in asset retirement obligation		26,091	25,208
Net change in actuarial liability for life income agreements		266,795	(120,964)
Changes in operating assets and liabilities:			
Decrease in accounts and loans receivable		(550,722)	1,857,167
(Increase) decrease in pledges receivable		354,978	(330,204)
Decrease in prepaid expenses and other assets		(43,647)	(76,989)
Increase (decrease) in accounts payable and accrued liabilities		(338,529)	2,699,683
(Decrease) increase in student deposits and deferred revenue		(470,796)	(1,312,071)
Net cash used in operating activities		(9,699,779)	(3,501,239)
Cash flows from investing activities:			
Purchase of plant facilities		(537,181)	(724,952)
Student loans issued, net of collections		475,160	571,025
Purchase of investments		(30,752,900)	(16,461,524)
Proceeds from sales of investments		35,837,311	18,419,796
Net cash provided by investing activities		5,022,390	1,804,345
Cash flows from financing activities:			
Proceeds from restricted contributions		541,444	849,983
Payment on loans, notes payable, and interest rate swap		(11,378,413)	(1,037,336)
Payments to beneficiaries on life income agreements		(109,206)	(109,811)
(Payments) proceeds from funds held in custody for others		(116,062)	12,159
Federal student loan funds, net		674,374	(666,589)
Net cash used in financing activities		(10,387,863)	(951,594)
Net decrease in cash and cash equivalents		(15,065,252)	(2,648,488)
Cash and cash equivalents:			
Beginning of year		22,162,668	24,811,156
End of year	$	7,097,416	22,162,668
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$	2,128,085	2,181,171

See accompanying notes to financial statements.

(1) Description of Organization and Summary of Significant Accounting Policies

(a) Description of Organization

Whittier College (the College) was founded in 1887 and is an accredited four year, private coeducational, and nationally recognized liberal arts institution. The College offers undergraduate and selected advanced degrees in education. The College derives most of its revenue from tuition and student fees, earnings from its endowments, and gifts from individuals, corporations, and foundations. The following accounting policies of the College are in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP) and those generally accepted for colleges and universities.

(b) Basis of Presentation

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

(c) Financial Statement Presentation

Revenue, gains, and losses are classified as without donor restrictions and with donor restrictions as follows:

Without donor restrictions net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.

With donor restrictions net assets consist of contributed funds subject to specific donor imposed restrictions and earnings on those funds that have not yet been appropriated for expenditure. By law, those restrictions require that a portion of the assets be maintained in perpetuity and that a portion be maintained until appropriated for expenditure by the Board of Trustees in support of the College's programs and operations, contingent upon specific performance of a future event or a specific passage of time.

(d) Revenue Recognition

Tuition and fee revenue is recognized in accordance with ASC 606, Revenue from Contracts with Customers. The College applies the portfolio approach, which approximates the revenue that would be recognized by the individual contract approach. In connection with these contracts, the College has an obligation to provide instruction and access to various student facilities. Tuition and fees are generally collected in advance or over the course of the respective term with the revenue earned over the same term as the College's performance obligations are satisfied. Scholarship allowance represents a reduction in the consideration collected from students reflective of discounts as well as the use of donor contributions designated to reduce the amounts collected directly from students. "Net tuition and fees" represent the cumulative transaction price reflective of ASC 606. Student tuition and fees received in advance of the corresponding revenue recognition are reported as customer contract liabilities in "Student deposits and deferred revenue."

(Continued)

Gifts from donors, including pledges receivable (unconditional promises to give), are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Gifts where donor restrictions are met within the same fiscal year as the gifts are received are included in net assets without donor restrictions. Gifts of assets other than cash are recorded at their estimated fair value. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Government grant revenue is recorded as the related expenses are incurred and administrative fees are earned.

Investment returns, including investment income and gains and losses, are recorded on a trade date basis and reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

Auxiliary enterprises consist of room and board, bookstore revenues, and conferences fees and are recorded as revenue when the services are provided.

(e) Cash and Cash Equivalents

The College considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, except for those that have been designated by the College as endowments or short-term investments, which are considered to be investments. Assets with characteristics of cash and cash equivalents that are held in endowment funds or short-term investments, consisting of certain U.S. Treasury bill instruments, are reported as investments and not included in cash and cash equivalents within the statement of cash flows.

(f) Liquidity and Availability

The College regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to its ongoing mission related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2023 and 2022, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2023	2022
Cash and cash equivalents	$ 7,097,416	22,162,668
Short term investments	32,617,328	36,044,270
Accounts and loans receivable	3,354,552	1,915,906
Payout on board designated endowments	1,405,653	1,308,404
Payout on donor restricted endowments	3,905,927	3,571,245
Pledges receivable within one year	2,523,275	1,701,718
Financial assets available at year end for current use	$ 50,904,151	66,704,211

Student loans receivable are not considered to be available to meet general expenditures because principal and interest collected on those loans are used solely to make new loans.

The College's governing board has designated a portion of its resources without donor restrictions for endowment. These funds are invested for long-term appreciation-- and current income but remain available and may be spent at the discretion of the board. At June 30, 2023 and 2022, $32,490,720 and $32,087,260, respectively, were designated by the board as board designated endowment.

(g) Fair Value Determination of Financial Instruments

The fair value of the College's financial instruments as of June 30, 2023 and 2022, represents management's best estimates of the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there are little, if any, observable inputs, management's own judgments about the assumptions of market participants were used in pricing the asset. Those judgments are developed by management based on the best information available in the circumstances. Although the College uses its best judgment in determining the fair value of financial instruments, there are inherent limitations in any methodology.

Therefore, the values presented herein are not necessarily indicative of the amount the College could realize in a current transaction. Future confirming events could affect the estimates of fair value and could be material to the financial statements. These events could also affect the amount realized upon liquidation of the investments.

The College did not elect fair value accounting for any asset or liability that is not currently required to be measured at fair value.

The College's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level I measurements) and the lowest priority measurements involving significant unobservable inputs (Level III measurements). The three levels of the fair value hierarchy are as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets that the College has the ability to access at the measurement date.
- Level II inputs are inputs other than quoted prices included within Level I that are observable for the asset, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data. Level II includes government and corporate bonds due to variations in the pricing of such securities from various factors, including current interest rates, spreads, and various trade activity that impact the quoted prices for such holdings.
- Level III inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset.

The level in the fair value hierarchy within a fair value measurement in its entirety falls on the lowest level input that is significant to the fair value measurement in its entirety. The College applies the authoritative guidance contained in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10, *Fair Value Measurement*, for estimating the fair value of investments in investment funds that have calculated Net Asset Value (NAV) per share. According to the guidance, in circumstances in which NAV per share of an investment is not determinative of fair value, a reporting entity is permitted to estimate the fair value of an investment in an investment fund using the NAV per share of the investment (or its equivalent) without further adjustment, if the NAV per share of the investment is determined in accordance with FASB ASC 946-10 as of the reporting entity's measurement date. Accordingly, the College uses the NAV as reported by the investment managers as a practical expedient to determine the fair value of investments in investment funds, which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment fund or prepare their financial statements consistent with the measurement principles of an investment fund. At June 30, 2023 and 2022, the fair value of all such investments in investment funds has been determined by using NAV as a practical expedient. Such assets are not classified in the fair value hierarchy in accordance with Accounting Standards Update No. 2015-07 (ASU 2015-07), *Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate NAV per Share (or its Equivalent)*. ASU 2015-07 removed the requirement to classify within the fair value hierarchy investments measured at NAV.

(h) Allocation of Investment Returns

The College follows an investment policy for its pooled investments, which anticipates a greater long term return through investing for capital appreciation and accepts lower current yields from dividends and interest. In order to offset the effect of lower current yields for current operations, the Board of Trustees has adopted a spending policy for pooled endowment investments whereby the amount of investment return available for current operations is determined by applying a specified percentage of 4.5% to the average market value of pooled investments for the three preceding calendar years. If the investment income of pooled investments, which includes interest and dividends, and accumulated realized and unrealized gains and losses, is insufficient to provide the full amount of investment return authorized for spending, no amounts are allocated to current operations.

(i) Plant Facilities

Property, plant, and equipment are stated at cost or estimated fair value at the date of the gift. Depreciation is computed on a straight line basis over the estimated useful lives of the assets (25 to 40 years for buildings and improvements and 5 to 7 years for equipment and library books). Expenditures for repairs and maintenance not extending the life of the assets are charged to operations when incurred. Upon sale or disposal of equipment, the cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in the Statement of Activities.

(j) Asset Retirement Obligation

The College accrues for costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets. The obligation to perform the asset retirement activity is not conditional even though the timing or method may be conditional. The College identified future asbestos abatement activities as a conditional asset retirement obligation. Asbestos abatement activities were estimated based upon historical removal costs per square foot applied to assets identified requiring asbestos abatement. The College recorded the estimate as a liability and as an increase to the recorded historical cost of the asset. The capitalized portion is depreciated over the remaining useful life of the asset. The present value of the asset retirement obligation totaled $771,540 and $745,449 utilizing a rate of 3.5% as of June 30, 2023 and 2022, respectively. The costs will continue to be accreted to expense until such point that the remediation activities are required.

(k) Interest Rate Swap Liability

The College uses an interest rate risk management strategy that incorporates the use of derivative instruments intended to minimize significant fluctuations in interest expense that are caused by interest rate volatility. Interest rate swaps involve the exchange of fixed and variable rate interest payments between two parties, based on a common notional principal amount and maturity date. All derivative instruments are recognized in the statement of financial position at their fair values and changes in fair value are recognized in the statements of activities.

(l) Federal Student Loan Funds

Funds provided by the U.S. government under the Federal Perkins Student Loan program are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the U.S. government.

(m) Fund Raising Expense

The accompanying statements of activities include fund raising expenses of $1,438,507 and $1,109,016, for the years ended June 30, 2023 and 2022, respectively, as a component of total expenses.

(n) Actuarial Liability for Life Income Agreements

The actuarial liability for life income agreements includes gift annuities, unitrusts, pooled income funds, and life estates that are reported based on the present value of future payments, discounted at a rate that is commensurate with the risks involved ranging from 4.5% to 6% for the years ended June 30, 2023 and June 30, 2022 using the 2012 Group Annuity Tables.

(o) Funds Held in Custody for Others

Funds held in custody for others total $477,789 and $593,850 at June 30, 2023 and 2022, respectively. These amounts represent moneys held for organizations and social clubs on campus, which is included in prepaid expenses and other assets in the accompanying statements of financial position.

(Continued)

(p) Functional Allocation of Expenses

The cost of providing programs and other activities has been summarized on a functional basis in note 12. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(q) Concentration of Credit Risk

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash deposits at financial institutions, student receivables, and investments in marketable securities. At times, balances in the College's cash and investment accounts exceed the insurance limits of the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SPIC). Concentration of credit risk with respect to receivables is limited due to the number of students from which amounts are due and the low dollar amount of individual balances.

(r) Impairment of Long Lived Assets and Long Lived Assets to Be Disposed of

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 considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During 2023 and 2022, there were no events or changes in circumstances indicating that the carrying amount of long lived assets may not be recoverable.

(s) Use of Estimates

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

(t) Income Taxes

The College is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and is generally not subject to federal and state income taxes. However, the College is subject to income taxes on any income that is derived from a trade or business regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

(2) Accounts and Loans Receivable

As of June 30, accounts and loans receivable are as follows:

		2023	2022
Student accounts receivable	$	7,461,377	1,956,176
Federal perkins loans		1,327,715	2,002,089
Other student loans		3,406,374	3,842,213
Other receivables		233,445	141,201
		12,428,911	7,941,679
Allowance for doubtful loans receivable		(2,169,100)	(1,025,241)
Allowance for doubtful student receivables		(4,606,086)	(663,901)
Total accounts and loans receivable, net	$	5,653,725	6,252,537

The College makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. At June 30, 2023 and 2022, student loans represented 1.34% and 1.65% of total assets, respectively. The College is obligated to collect loans made under the Federal Perkins Student Loan program and these loans are payable, including interest at 5%, over approximately 11 years following College attendance. Other student loans are interest free and repayments commence 6 months after leaving the College. An interest rate of 10% is applied to institutional loans if that balance becomes delinquent. Both federal and institutional loans carry deferment of repayment based on certain criteria such as full-time student, military, and disability. The event of death cancels both loan types.

As of June 30, student loans receivable are as follows:

		2023	2022
Federal perkins loans	$	1,327,715	2,002,089
Other student loans		3,406,374	3,842,213
		4,734,089	5,844,302
Less allowance for doubtful accounts:			
Beginning of year		(1,025,241)	(1,558,487)
Change		(963,797)	533,246
End of year		(1,989,038)	(1,025,241)
Total student loans receivable, net	$	2,745,051	4,819,061

At June 30, 2023 and 2022, the following amounts were past due under student loan programs:

			2023	2022
<240 days	past due	$	156,408	148,825
>240 days to 2 years	past due		231,411	193,727
>2 to 5 years	past due		202,151	272,493
>5 years	past due		1,699,124	1,973,182
Total past due		$	2,289,094	2,588,227

Allowances for doubtful accounts are established based on prior collection experience and current economic factors, which in management's judgment could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional loans are written off only when they are deemed to be permanently uncollectible. The College may participate in the income tax return offset program allowed by the government as part of the collection efforts. One of the loan programs offers deferment to qualified students for numerous reasons, such as economic hardship. The total amount of deferred loans were $474,838 as of June 30, 2023.

(3) Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded net of allowance for uncollectible pledges and discounted to the present value of the future cash flows utilizing rates between 4.2% and 3.1% as of June 30, 2023 and 2022, respectively. As of June 30, pledges receivables are as follows:

		2023	2022
In one year or less	$	2,523,275	1,701,719
Between one year and five years		65,942	1,270,060
More than five years		1,200,000	1,205,833
		3,789,217	4,177,612
Less discount and allowance for uncollectible pledges		(581,404)	(614,821)
Total pledges receivable, net	$	3,207,813	3,562,791

		2023	2022
Pledges receivable by purpose:			
Endowment for scholarships and department programs	$	1,909,230	2,051,465
Facilities construction		823,339	1,037,055
General operations		475,244	474,271
Total pledges receivable, net	$	3,207,813	3,562,791

(4) Investments

The following summarizes the College's investments by investment categories at June 30:

		2023	2022
Cash and cash equivalents	$	640,773	3,654,676
Money market funds		3,489,477	1,358,006
Intermediate bond funds		—	36,044,270
U.S. Treasury bills		32,617,328	—
Mutual funds		85,894,751	82,250,654
Equities		17,810,793	15,883,350
Alternative investments:		16,150,113	16,912,526
Real estate		2,353,479	2,923,879
Other		262,674	59,176
Beneficial interests in charitable remainder trusts		2,645,000	2,542,692
Unitrust investments:			
Cash and cash equivalents		284,603	201,732
Equities		951,975	494,051
Fixed income		434,253	799,827
Mutual funds and other		1,990,324	2,125,856
Total unitrust investments		3,661,155	3,621,466
Total investments	$	165,525,543	165,250,695

(5) Fair Value of Financial Instruments

The following methods and assumptions were used to estimate fair value for each class of financial instrument measured at fair value:

(a) Money Market Funds

Money market funds are short term investments of the College and consist of actively traded, observable inputs and are classified as Level I.

(b) Mutual Funds and Equities

Mutual funds consist of several distinct funds with varying portfolio compositions and objectives. These investments are traded on an active exchange, are priced using unadjusted market quotes for identical assets, and are classified as Level I. Investments in domestic and international equities include large, mid, and small cap funds, certain diversifying strategies and emerging markets located internationally. Equities are measured at fair value using quoted market prices and are classified as level 1.

(c) Bond Funds

Bond funds comprise intermediate bond funds. These securities are classified as Level II based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for similar assets in active markets. Bond funds are included within short-term- -investments on the statement of financial position.

(d) U.S. Treasury Bills

U.S. Treasury bills are short-term investments of the College valued using quoted market prices obtained from active markets. They are classified as Level 1 in the fair value hierarchy.

(e) Beneficial Interests in Charitable Remainder Trusts

The College's beneficial interests in charitable remainder trusts administered by a third party. These involve unobservable inputs considered to be Level III in the fair value hierarchy.

(f) Real Estate

Investments in real estate include residential property holdings. Real estate investments are classified as Level III in the fair value hierarchy as they involve unobservable inputs.

(g) Alternative Investments

Investments in limited partnerships, hedge funds, venture capital, and certain diversifying strategies, for which there is no readily determinable fair value are not classified in the fair value hierarchy and are valued at NAV as a practical expedient.

While the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table summarizes the College's investments and liabilities that are measured at fair value on a recurring basis at June 30, 2023:

	Investments measured at NAV	Investments classified in the fair value hierarchy			
		Level I	Level II	Level III	2023
Investments:					
Cash and cash equivalents	$ —	640,773	—	—	640,773
Money market funds	—	3,489,477	—	—	3,489,477
U.S. Treasury bills	—	32,617,328	—	—	32,617,328
Mutual funds and equities:					
International-developed stocks	—	24,765,542	—	—	24,765,542
Emerging markets	—	6,693,461	—	—	6,693,461
U.S. Large cap	—	11,719,413	—	—	11,719,413
U.S. Mid cap	—	8,714,532	—	—	8,714,532
U.S. Small cap	—	5,645,352	—	—	5,645,352
Fixed income	—	13,461,134	—	—	13,461,134
Real assets	—	3,688,839	—	—	3,688,839
Diversifying strategies	—	11,206,478	—	—	11,206,478
Equities:					
U.S. Large cap	—	5,824,037	—	—	5,824,037
U.S. Mid cap	—	5,064,114	—	—	5,064,114
U.S. Small cap	—	3,347,030	—	—	3,347,030
International-developed stocks	—	3,028,260	—	—	3,028,260
Emerging markets	—	547,352	—	—	547,352
Alternative investments:					
Venture capital	8,072	—	—	—	8,072
Diversifying Strategies	16,142,041	—	—	—	16,142,041
Real estate	—	—	—	2,353,479	2,353,479
Beneficial interests in charitable remainder trusts	—	—	—	2,645,000	2,645,000
Other	—	—	262,674	—	262,674
Unitrust investments:					
Cash and cash equivalents	—	284,603	—	—	284,603
Equities	—	951,975	—	—	951,975
Fixed income	—	434,253	—	—	434,253
Mutual funds	—	1,990,324	—	—	1,990,324
Total investments	$ 16,150,113	144,114,277	262,674	4,998,479	165,525,543
Liabilities:					
Interest rate swap liability	$ —	—	(440,460)	—	(440,460)
Total liabilities	$ —	—	(440,460)	—	(440,460)

The following table summarizes the College’s investments and liabilities that are measured at fair value on a recurring basis at June 30, 2022:

		Investments measured at NAV	Investments classified in the fair value hierarchy: Level I	Level II	Level III	2022
Investments:						
Cash and cash equivalents	$	—	3,654,676	—	—	3,654,676
Money market funds		—	1,358,006	—	—	1,358,006
Intermediate bond funds		—	—	36,044,270	—	36,044,270
Mutual funds and equities:						
International-developed stocks		—	22,957,417	—	—	22,957,417
Emerging markets		—	5,633,662	—	—	5,633,662
U.S. Large cap		—	12,268,401	—	—	12,268,401
U.S. Mid cap		—	8,168,709	—	—	8,168,709
U.S. Small cap		—	5,025,881	—	—	5,025,881
Fixed income		—	13,521,225	—	—	13,521,225
Real assets		—	3,823,197	—	—	3,823,197
Diversifying strategies		—	10,852,162	—	—	10,852,162
Equities:						
U.S. Large cap		—	6,339,940	—	—	6,339,940
U.S. Mid cap		—	3,692,878	—	—	3,692,878
U.S. Small cap		—	2,891,251	—	—	2,891,251
International-developed stocks		—	2,587,337	—	—	2,587,337
Emerging markets		—	371,944	—	—	371,944
Alternative investments:						
Venture capital		58,635	—	—	—	58,635
Diversifying Strategies		16,853,891	—	—	—	16,853,891
Real estate		—	—	—	2,923,879	2,923,879
Beneficial interests in charitable remainder trusts		—	—	—	2,542,691	2,542,691
Other		—	—	59,177	—	59,177
Unitrust investments:						
Cash and cash equivalents		—	201,732	—	—	201,732
Equities		—	494,051	—	—	494,051
Fixed income		—	799,827	—	—	799,827
Mutual funds		—	2,125,856	—	—	2,125,856
Total investments	$	16,912,526	106,768,152	36,103,447	5,466,570	165,250,695
Liabilities:						
Interest rate swap liability	$	—	—	(1,840,130)	—	(1,840,130)
Total liabilities	$	—	—	(1,840,130)	—	(1,840,130)

The following table summarizes characteristics of investments valued at NAV as of June 30, 2023:

Category of investment		NAV in funds	Unfunded commitments	Time to liquidity
Alternative investments:				
Venture capital	$	8,072	56,766	illiquid
Diversifying strategies		16,142,041	7,722,620	90+ – illiquid
	$	16,150,113	7,779,386	

(6) Endowment

The College's endowment consists of approximately 332 individual funds established for a variety of purposes. The endowment includes both donor restricted endowment funds and funds designated by the governing board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

(a) Interpretation of Relevant Law

The College adopted guidance under U.S. GAAP on classifying net assets associated with donor restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). A key component of the guidance is a requirement to determine the portion of a donor restricted endowment fund that is to be held permanently from the portion that is to be held temporarily until appropriated for expenditure.

The College has interpreted UPMIFA as requiring the permanent preservation of the fair value of the respective original gifts as of the dates of gifts to the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the College uses fund accounting to track the permanently restricted portion of donor restricted endowment funds including (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowment made in accordance with the directions of applicable donor gift instruments at the time the accumulations are added to the funds. The remaining portion of the donor restricted endowment funds that are not required to be held permanently are tracked separately and held until appropriated for expenditure by the College in a manner consistent with the standards of prudence prescribed by UPMIFA. Both the permanently held and temporarily held portions are classified together "With donor restrictions" in the accompanying financial statements. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the College and the donor restricted endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation

5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the College

(b) Return Objectives and Risk Parameters

The College's Board of Trustees has adopted an investment and spending policy for endowment assets that attempts to provide a predictable stream of funding sources to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets to create generational equity. Endowment assets include those assets of donor restricted funds that the College must hold in perpetuity or for a donor specified period(s) as well as board designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the investment market while assuming a moderate level of investment risk. The College expects its endowment funds, over time, to provide a better than the average rate of return of approximately 4.5%, which is the current College spending rate. Actual returns in any given year may vary from this amount.

(c) Strategies Employed for Achieving Objectives

To satisfy this long term rate of return objective, 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's investments include a diversified and strategic portfolio consisting of equities, fixed income, and alternative assets. Targeted asset allocation ranges are reviewed periodically for potential adjustment of asset mix while evaluating the relative risk of each component. The College's spending policy is determined by applying a specified percentage to the average market value of the endowment pooled investments for the three preceding calendar years.

This percentage was 4.5% and 4.5% for the years ended June 30, 2023 and 2022, respectively.

(d) Endowment Net Asset Composition by Type of Funds as of June 30, 2023

		Without donor restrictions	With donor restrictions	Total
Donor-restricted endowments	$	—	97,243,062	97,243,062
Board-designated endowments		32,490,720	—	32,490,720
Total	$	32,490,720	97,243,062	129,733,782

The changes in endowment fund net assets for the year ended June 30, 2023 are as follows:

		Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$	32,087,260	94,366,575	126,453,835
Investment return:				
Investment income		664,838	1,685,504	2,350,342
Net appreciation (realized and unrealized)		1,144,075	4,552,180	5,696,255
Total investment return		1,808,913	6,237,684	8,046,597
New gifts		200	541,444	541,644
Appropriation for endowment spending		(1,405,653)	(3,902,640)	(5,308,293)
Total gifts and other changes		(1,405,453)	(3,361,196)	(4,766,649)
Endowment net assets, end of the year	$	32,490,720	97,243,063	129,733,783

(e) Endowment Net Asset Composition by Type of Funds as of June 30, 2022

		Without donor restrictions	With donor restrictions	Total
Donor-restricted endowments	$	—	94,366,575	94,366,575
Board-designated endowments		32,087,260	—	32,087,260
Total	$	32,087,260	94,366,575	126,453,835

The changes in endowment fund net assets for the year ended June 30, 2022 are as follows:

		Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$	36,808,726	106,668,359	143,477,085
Investment return:				
Investment income		586,451	1,775,694	2,362,145
Net depreciation (realized and unrealized)		(4,001,463)	(11,356,216)	(15,357,679)
Total investment return		(3,415,012)	(9,580,522)	(12,995,534)

		Without donor restrictions	With donor restrictions	Total
New gifts	$	1,950	849,983	851,933
Appropriation for endowment spending		(1,308,404)	(3,571,245)	(4,879,649)
Total gifts and other changes		(1,306,454)	(2,721,262)	(4,027,716)
Endowment net assets, end of the year	$	32,087,260	94,366,575	126,453,835

Perpetual endowment net assets with donor restrictions at June 30, 2023 and 2022 were $74,448,761 and $73,907,282, respectively.

From time to time, the fair value of assets associated with individual donor restricted endowments may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. Deficiencies of this nature were $55,209 and $292,083 as of June 30, 2023 and 2022, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of donor restricted contributions and continued appropriation for programs that were deemed prudent by the governing board.

(7) Plant Facilities

Plant facilities consist of the following at June 30:

		2023	2022
Land	$	6,550,788	6,704,442
Buildings and improvements		168,208,957	168,340,584
Equipment and library books		25,373,754	24,963,152
Construction in progress		5,400	304,977
		200,138,899	200,313,155
Less accumulated depreciation		(109,597,631)	(103,761,661)
Total plant facilities	$	90,541,268	96,551,494

(8) Loans and Notes Payable

As of June 30, loans and notes payable and the associated interest rates and maturities are as follows:

	Interest rate	Maturity date	2023	2022
Series 2014 tax-exempt loans:				
Variable rate	One-month LIBOR + 1.25%	Due 2036	$ 9,794,651	20,522,574
Fixed rate	3.75 %	Due 2044	31,761,435	31,761,435
Unamortized cost of issuance			(439,772)	(460,386)
Leases payable	<1%		42,875	41,974
Weingart note payable			223,598	223,598
Total loans and notes payable			$ 41,382,787	52,089,195

Schedule of maturities:

	Principal amount
Fiscal year ending:	
2024	$ 1,111,013
2025	1,160,316
2026	1,211,856
2027	1,265,856
2028	1,319,240
Thereafter	35,711,403
	$ 41,779,684

The Series 2014 tax -exempt -loans contain covenants relating to compliance with specified financial ratios. Additionally, the College has certain restrictions on future borrowings. The loans are secured by the College's plant facilities.

Note payable consists of a noninterest bearing loan that was made by the Weingart Foundation (the Foundation). The College is required to use the funds to make noninterest bearing loans to qualified students. The funds are payable to the Foundation upon notice.

Interest Rate Swap Agreements

The College maintains two interest rate swaps with Morgan Stanley Capital Services in a notional amount of $0 and $9,652,573 as of June 30, 2023 and 2022, respectively, and with Societe Generale in a notional amount of $10,130,000 and $10,870,000 as of June 30, 2023 and 2022, respectively. The intention of both interest rate swaps is to convert the floating rate interest payments the College is obligated to pay on its variable rate bonds payable into fixed rate payments at 3.16% and 3.45%, respectively.

Under the swap agreements, the College pays the swap counterparty a fixed payment of 3.16% and 3.45% and receives a variable payment computed as 67% of the 30 day Secured Overnight Financing Rate (SOFR). The obligation of the College to make payments under the swap agreement constitutes a general unsecured contractual obligation of the College. Under certain circumstances, the swap agreement is subject to early termination, at which time the College could be obligated to make a substantial payment to the swap counterparty. At June 30, 2023 and 2022, the fair values of the two swap agreements were $440,460 and $1,840,130, respectively, and are included in the statements of financial position as interest rate swap liability.

(9) Employee Benefit Plans

The College participates in a defined contribution retirement plan that provides retirement benefits for academic employees and certain administrative personnel through the Teachers Insurance and Annuity Association and the College Retirement Equity Fund (TIAA). Under this defined contribution plan, the College and participant contributions are used to purchase individual annuity contracts equivalent to retirement benefits earned. Contributions made by the College vest immediately. Benefits commence upon retirement and preretirement survivor death benefits are provided. College contributions to the plan for the years ended June 30, 2023 and 2022 were $54,332 and $0, respectively. The College also makes available supplemental retirement accounts (SRA) through TIAA for employees who wish to make additional contributions to their retirement program.

The College maintains a 457(b) plan, which is a voluntary deferred compensation plan under the provision of the IRS Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). The plan provides faculty and staff who earn in the top 10% of the College’s compensation level to defer compensation up to certain annual thresholds; this amount is $22,500 for 2023 and $20,500 for 2022. While the College currently does not contribute to the plan, it may elect to do so. Upon termination, the employee has the right to cash out his/her contribution or to select a later date for distribution. At June 30, 2023 and 2022, the College included $261,205 and $223,428, respectively, in prepaid expenditures and other assets as well as in accounts payable and accrued liabilities for contributions made by employees to the College’s 457(b) plan.

The College maintains the Emeriti Retirement Health Plan administered through TIAA. The plan offers a group medical insurance program that complements Medicare and is supported by tax advantaged savings accounts for employees who are over 40 years old, full time, and who have at least one year of service. Employees over 21 years may participate in the program using their own resources. College contributions to the plan for the years ended June 30, 2023 and 2022 were $70,724 and $72,154, respectively.

(Continued)

(10) Net Assets

The classification of net assets at June 30 is as follows:

		2023	2022
Without donor restrictions:			
Capitalized plant	$	52,900,976	43,385,638
Plant renewal		8,737,792	8,825,541
Liquidity reserve		15,112,933	13,949,312
Board designated endowment		32,490,720	32,087,260
Other board designated		2,223,813	25,137,090
Total without donor restrictions	$	111,466,234	123,384,841
With donor restrictions:			
Time or purpose	$	2,026,818	2,064,998
Cumulative total return on endowment, net of spending		22,829,035	20,493,719
Life income agreements, purpose restrictions		3,304,172	3,105,924
Life income agreements, perpetual remainder interests		418,059	400,901
Endowment and other, perpetual		80,635,536	80,092,459
Total with donor restrictions	$	109,213,620	106,158,001

The College incurred lease expenses of $23,053 and $56,700 for the years ended June 30, 2023 and 2022, respectively. The College has right--of--use lease liabilities of $42,875 and $41,974 for the years ended June 30, 2023 and 2022, respectively.

(11) Commitments and Contingencies

In the normal course of operations, the College is named as a defendant in lawsuits and is subject to periodic examinations by regulatory agencies. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on the College’s financial position.

Certain federal grants, including financial aid that the College administers and for which it receives reimbursement, are subject to audit and final acceptance by federal granting agencies. Current and prior year costs of such grants are subject to adjustment upon audit. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although the College does not expect such amounts, if any, will have a significant impact on the financial position of the College.

(12) Functional Expenses by Natural Classification

The College has allocated certain plant and debt interest expenses across various functional expense categories to better reflect the full cost of those activities. The following methods have been used to allocate those costs:

The costs of plant maintenance, operation, preservation, and depreciation expenses have been allocated based on the square footage assigned to support each respective function. Square footage information is obtained through periodic review of assigned spaces.

Interest expenses have been allocated proportionally based on the amount of debt associated with space assigned to each respective function. Proportions are determined through periodic review of assigned spaces with associated outstanding debt on the related facilities.

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

	Educational activities	Research	Auxiliaries	Student activities	Support activities	Allocable expenses	Total natural expenses
Compensation expenses	$ 15,814,587	173,678	805,757	5,933,511	10,174,712	—	32,902,245
Services, supplies and other expenses	1,063,038	80,105	2,853,358	3,277,041	6,449,252	—	13,722,794
Plant expenditures	—	—	—	—	—	6,322,533	6,322,533
Depreciation expenses	—	—	—	—	—	6,059,871	6,059,871
Debt service-interest and other costs	—	—	—	—	—	2,128,085	2,128,085
Allocation of expenses	4,063,305	12,382	4,122,936	3,240,284	3,071,581	(14,510,488)	—
Total functional expenses	$ 20,940,930	266,165	7,782,051	12,450,836	19,695,545	—	61,135,528

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

	Educational activities	Research	Auxiliaries	Student activities	Support activities	Allocable expenses	Total natural expenses
Compensation expenses	$ 16,358,104	211,942	749,823	6,068,107	8,524,698	—	31,912,674
Services, supplies and other expenses	995,916	31,646	2,103,650	2,833,237	5,751,733	—	11,716,182
Plant expenditures	—	—	—	—	—	5,513,118	5,513,118
Depreciation expenses	—	—	—	—	—	5,652,480	5,652,480
Debt service-interest and other costs	—	—	—	—	—	2,181,171	2,181,171
Allocation of expenses	3,696,052	12,850	3,663,760	2,937,644	2,769,692	(13,079,998)	—
Total functional expenses	$ 21,050,072	256,438	6,517,233	11,838,988	17,046,123	266,771	56,975,625

Educational activities include expenses for all activities that are part of the institution's instructional program such as expenses for academic, vocational, and technical instruction; remedial and tutorial instruction; regular, special, and extension sessions; and academic support.

Research includes all expenses for activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the College.

Auxiliary enterprises include all expenses relating to the operation of the College’s auxiliary activities such as housing, food service, parking, and so forth.

Student services are considered programmatic and include activities that, as their primary purpose, contribute to students’ emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. This category also includes expenses incurred for offices of admissions, student financial services, and the registrar.

Support activities includes centralized expenses incurred to provide support services for the College’s primary mission and program functions. This category includes the College’s fundraising activities as well as executive management, fiscal operations, general administration and central technology.

(13) Financial Responsibility Standards

The College participates in federal Title IV student financial assistance programs, which require it to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education (ED), as set forth in 34 CFR 668.171. The criteria for private institutions include the annual calculation by ED of a financial responsibility composite score, as further outlined in 34 CFR 668.172., using audited financial statements submitted through the ED’s eZ-Audit system. The Composite score is based on three ratios: Primary Reserve, Equity, and Net Income. The financial information provided in the financial statements and notes to the financial statements used in the calculation of the three ratios is included in the Supplementary Schedule of Financial Responsibility Data.

(14) Related Party Transactions

As of June 30, 2023, and 2022, $0 and $495,000 of gross contributions receivable are due from Board of Trustee members.

The College provides support services to the Associated Students of Whittier College (“ASWC”), a nonprofit student government entity whose members are Whittier College students. The services include collecting and holding membership funds and processing payroll. At June 30, 2023 and 2022, the College held approximately $477,789 and $474,000, respectively, of ASWC net assets recorded as Funds held in custody of others on the College’s Statement of Financial Position.

(15) Subsequent Events

In February 2024, the College executed a fourth amendment to its fixed rate loan payable agreement. In conjunction with this amendment, the College made a prepayment of the Variable Rate Loan Portion in the amount of $8,683,638. Whittier College has evaluated its subsequent events through March 18, 2024, the date the financial statements were available to be issued.

WHITTIER COLLEGE

Supplementary Schedule of Financial Responsibility Data

Year ended June 30, 2023

Location in financial statements or related notes	Financial element		Amount
Primary reserve ratio:			
Expendable net assets:			
Statements of financial position	Net assets without donor restrictions	$	111,466,234
Statements of financial position	Net assets with donor restrictions		109,213,620
Statements of financial position	Total property, plant, and equipment, net		90,541,268
Statements of financial position	Total long-term debt		41,382,787
Note 10, net assets	Perpetual endowment and other		80,635,536
Note 10, net assets	Life income agreements, perpetual		418,059
Note 10, net assets	Life income agreements, time and purpose restrictions		3,304,172
Note 10, net assets	Endowment cumulative total return		22,829,035
Note 10, net assets	Other net assets with time or purpose restrictions		2,026,818
Expense and losses:			
Statement of activities	Total expenses and losses without donor restrictions	$	61,135,528
Equity ratio:			
Modified net assets:			
Statements of financial position	Net assets without donor restrictions	$	111,466,234
Statements of financial position	Net assets with donor restrictions		109,213,620
Modified assets:			
Statements of financial position	Total assets	$	272,556,828
Net income ratio:			
Statement of activities	Change in net assets without donor restrictions	$	(11,918,607)
Statement of activities	Total revenue and gains without donor restrictions		49,216,921

See accompanying independent auditors’ report.