Lewis & Clark College

Financial Statements

May 31, 2023 and 2022

Independent Auditors' Report

To the Board of Trustees of
Lewis & Clark College

Opinion

We have audited the financial statements of Lewis & Clark College (the College), which comprise the statements of financial position as of May 31, 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 May 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Baker Tilly US, LLP

Minneapolis, Minnesota
October 9, 2023

Lewis & Clark College

Statements of Financial Position
May 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 32,987,570	$ 53,787,272
Operating investments	15,042,940	-
Student accounts receivable, net	714,551	369,765
Other receivables	8,344,818	8,008,324
Grants receivable	1,464,947	614,809
Prepaid expenses and other assets	1,074,783	1,473,731
Contributions receivable, net	7,531,110	8,211,259
Student loans receivable, net	968,774	1,612,311
Cash restricted for capital projects	20,090,932	34,740,566
Investments	337,717,372	344,834,039
Property, plant and equipment, net	180,272,795	162,266,486
Right-of-use assets, operating leases	1,518,371	994,336
Real estate held for sale	923,046	-
Total assets	$ 608,652,009	$ 616,912,898
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 4,656,309	$ 3,548,531
Accrued and other liabilities	12,153,704	13,836,001
Deferred revenues	7,288,200	7,436,960
Liability for split interest agreements	4,591,858	5,212,063
Lease liabilities	1,545,903	1,007,722
Bonds payable, net	150,970,166	150,902,089
Interest rate swaps liability	-	2,805,113
U.S. government grants refundable	1,408,237	2,054,379
Total liabilities	182,614,377	186,802,858
Net Assets		
Without donor restrictions	145,231,999	135,558,042
With donor restrictions	280,805,633	294,551,998
Total net assets	426,037,632	430,110,040
Total liabilities and net assets	$ 608,652,009	$ 616,912,898

See notes to financial statements

Lewis & Clark College

Statement of Activities
Year Ended May 31, 2023
(With Comparative Totals for the Year Ended May 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Operating Revenues, Gains and Other Support				
Tuition and fees, net of scholarships and fellowships of $89,769,741 and $83,073,256 respectively	$ 88,331,625	$ -	$ 88,331,625	$ 85,091,169
Contributions	1,647,773	6,412,824	8,060,597	7,602,940
Government grants	3,633,772	-	3,633,772	6,981,792
Contracts and other exchange transactions	133,128	-	133,128	125,283
Endowment earnings allocated for operations	2,340,074	9,345,461	11,685,535	11,318,246
Other investment gains	1,971,138	-	1,971,138	1,956,539
Other revenue	4,282,592	-	4,282,592	3,161,403
Sales and services of auxiliary enterprises	22,557,440	-	22,557,440	21,725,860
	124,897,542	15,758,285	140,655,827	137,963,232
Net assets released from restrictions	22,450,034	(22,450,034)	-	-
Total operating revenues, gains and other support	147,347,576	(6,691,749)	140,655,827	137,963,232
Expenses				
Program expenses				
Instruction	56,746,892	-	56,746,892	51,502,941
Research	2,798,083	-	2,798,083	2,559,371
Public service	1,421,810	-	1,421,810	1,085,437
Academic support	11,790,360	-	11,790,360	11,256,136
Student services	17,256,186	-	17,256,186	19,567,394
Institutional support	25,310,960	-	25,310,960	21,311,765
Auxiliary enterprises	18,283,704	-	18,283,704	16,039,970
Total expenses	133,607,995	-	133,607,995	123,323,014
Change in net assets from operating activities	13,739,581	(6,691,749)	7,047,832	14,640,218
Nonoperating Activities				
Long-term investment returns (losses)	(1,735,650)	(6,533,612)	(8,269,262)	26,944,681
Less endowment earnings allocated for operations	(2,340,074)	(9,345,461)	(11,685,535)	(11,318,246)
Long-term investment returns (losses), net of allocation	(4,075,724)	(15,879,073)	(19,954,797)	15,626,435
Contributions	10,100	8,967,801	8,977,901	6,172,279
Government grants	-	15,143	15,143	17,349
Contracts and exchange transactions	-	147,311	147,311	39,500
Other nonoperating loss	-	-	-	(168,981)
Change in value of split-interest agreements	-	(305,798)	(305,798)	(1,011,729)
Change in net assets from nonoperating activities	(4,065,624)	(7,054,616)	(11,120,240)	20,674,853
Change in net assets	9,673,957	(13,746,365)	(4,072,408)	35,315,071
Net Assets, Beginning	135,558,042	294,551,998	430,110,040	394,794,969
Net Assets, Ending	$ 145,231,999	$ 280,805,633	$ 426,037,632	$ 430,110,040

See notes to financial statements

Lewis & Clark College

Statement of Activities
Year Ended May 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2022 Total
Operating Revenues, Gains and Other Support			
Tuition and fees, net of scholarships and fellowships of $83,073,256	$ 85,091,169	$ -	$ 85,091,169
Contributions	2,371,593	5,231,347	7,602,940
Government grants	6,981,792	-	6,981,792
Contracts and other exchange transactions	125,283	-	125,283
Endowment earnings allocated for operations	2,320,089	8,998,157	11,318,246
Other investment gains	1,956,539	-	1,956,539
Other revenue	3,161,403	-	3,161,403
Sales and services of auxiliary enterprises	21,725,860	-	21,725,860
	123,733,728	14,229,504	137,963,232
Net assets released from restrictions	14,840,661	(14,840,661)	-
Total operating revenues, gains and other support	138,574,389	(611,157)	137,963,232
Expenses			
Program expenses			
Instruction	51,502,941	-	51,502,941
Research	2,559,371	-	2,559,371
Public service	1,085,437	-	1,085,437
Academic support	11,256,136	-	11,256,136
Student services	19,567,394	-	19,567,394
Institutional support	21,311,765	-	21,311,765
Auxiliary enterprises	16,039,970	-	16,039,970
Total expenses	123,323,014	-	123,323,014
Change in net assets from operating activities	15,251,375	(611,157)	14,640,218
Nonoperating Activities			
Long-term investment returns	7,692,236	19,252,445	26,944,681
Less endowment earnings allocated for operations	(2,320,089)	(8,998,157)	(11,318,246)
Long-term investment returns, net of allocation	5,372,147	10,254,288	15,626,435
Contributions	108,072	6,064,207	6,172,279
Government grants	-	17,349	17,349
Contracts and exchange transactions	-	39,500	39,500
Other nonoperating loss	-	(168,981)	(168,981)
Change in value of split interest agreements	-	(1,011,729)	(1,011,729)
Change in net assets from nonoperating activities	5,480,219	15,194,634	20,674,853
Change in net assets	20,731,594	14,583,477	35,315,071
Net Assets, Beginning	114,826,448	279,968,521	394,794,969
Net Assets, Ending	$ 135,558,042	$ 294,551,998	$ 430,110,040

See notes to financial statements

Lewis & Clark College

Statements of Cash Flows
Years Ended May 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	$ (4,072,408)	$ 35,315,071
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Contributions of marketable securities	(922,667)	(1,394,366)
Depreciation and amortization	9,036,605	8,917,096
Loss on student loan program	-	168,981
(Gain) loss on disposal of property, plant and equipment	6,106	(276,758)
Change in value of interest rate swap	(2,805,113)	(2,678,591)
Change in value of split-interest agreements held	112,815	6,201
Change in discount on contributions receivable	19,912	(11,964)
Contributions restricted endowment, trusts and capital projects	(8,967,801)	(6,172,279)
Interest and dividends restricted for long-term investment	(282,798)	(329,972)
Realized and unrealized (gain) loss on investments	9,243,259	(25,870,303)
Changes in operating assets and liabilities:		
Accounts and other receivables	(1,531,418)	(2,050,346)
Prepaid expense and other assets	398,948	(973,095)
Contributions receivable, net	78,195	549,835
Accounts payable	(1,326,691)	(528,979)
Accrued expenses and other liabilities	(1,976,260)	(3,860,941)
Deferred revenue	(148,760)	901,942
Operating lease assets and liabilities	14,146	(18,835)
Net cash (used in) provided by operating activities	(3,123,930)	1,692,697
Cash Flows From Investing Activities		
Student loans receivable collected	643,537	733,697
Change in U.S. government grants refundable, net	(646,142)	(951,457)
Purchases of property, plant and equipment	(25,175,557)	(11,260,263)
Proceeds from sales of property and equipment	-	713,220
Proceeds from sales of investments	97,638,445	51,832,036
Purchases of investments	(113,885,310)	(42,728,495)
Net cash (used in) investing activities	(41,425,027)	(1,661,262)
Cash Flows From Financing Activities		
Contributions restricted for endowment, trust and capital projects	9,549,843	5,014,253
Interest and dividends restricted for long-term reinvestment	282,798	329,972
Proceeds from establishment of split-interest agreements	37,282	32,522
Payments to beneficiaries of split-interest agreements	(770,302)	(807,031)
Net cash provided by financing activities	9,099,621	4,569,716
Net increase (decrease) in cash, cash equivalents and restricted cash	(35,449,336)	4,601,151
Cash, Cash Equivalents and Restricted Cash, Beginning	88,527,838	83,926,687
Cash, Cash Equivalents and Restricted Cash, Ending	$ 53,078,502	$ 88,527,838
Supplemental Cash Flow Disclosure		
Cash paid for interest	$ 4,943,234	$ 5,861,114
Supplemental Disclosure of Noncash Investing and Financing Activities		
Purchases of property, plant and equipment included in accounts payable	$ 2,728,432	$ 2,096,549
Right-of-use assets obtained in exchange for operating lease liability	$ 864,307	$ 265,702

See notes to financial statements

1. Significant Accounting Policies

General

Lewis & Clark College (the College) is a private, nonprofit institution of higher education based in Portland, Oregon. The College provides education and training services for undergraduate students through the College of Arts and Sciences, for graduate students through the Graduate School of Education and Counseling, and for law students through the Lewis & Clark Law School. The College performs research, training, and other services under grants and contracts with sponsoring organizations, which are primarily departments and agencies of the United States government.

Basis of Accounting

The 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.

Basis of Presentation

For the purposes of financial reporting, the College classifies resources into two net asset categories pursuant to any donor-imposed restrictions and applicable law. Accordingly, the net assets of the College are classified in the accompanying financial statements in the categories that follow:

With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met by action of the College and/or the passage of time or maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes.

Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

The Board of Trustees has established policies that affect the presentation of board designations on net assets without donor restrictions. Bequests without restrictions under $100,000 are distributed to current unrestricted funds. By board approved policy, bequests without restrictions over $100,000 are added to the board designated endowment to the school with which the donor had affinity. The same methodology is applied to matured deferred gifts. The board has designated other funds for future capital projects and related initiatives and has delegated to management the authority to approve expenditures of these funds.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions.

Tuition and fees, net - Student tuition and fees are recognized in the fiscal year in which the academic programs are delivered, i.e., when the performance obligation is satisfied. Withdrawals that occur prior to a published deadline may receive a full or partial refund in accordance with the College's refund policy. Historically, refunds have not been significant. Payments for tuition are due, prior to the first day of the start of the academic term unless addressed by a payment plan in good standing. All payment plans must be complete prior to the end of the academic term. Generally, the College's performance obligations are satisfied equally over the academic term.

The College applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with the completion of the 2023-2024 academic year. The College determines the transaction price based on standard charges for goods and services provided reduced by discounts provided, relating to institutional scholarships and fellowships in accordance with the College's policies. The majority of the College's students rely on funds received from various Federal financial aid programs under Title IV of the Higher Education Act of 1965, as amended, to pay for a substantial portion of their tuition. These programs are subject to periodic review by the United States Department of Education (ED). Disbursements under each program are subject to disallowance by ED and repayment by the College. In addition, as an educational institution, the College is subject to licensure from various accrediting and state authorities and other regulatory requirements of ED.

Tuition and fees received in advance of services to be rendered are recorded as deferred revenue on the statements of financial position. The portion of deferred revenue attributable to tuition and fees totaled $5,737,826 and $5,421,795 at May 31, 2023 and 2022, respectively.

Contributions - Unconditional contributions, including promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Unconditional promises to give are initially recorded at fair value using the present value of future cash flows, discounted using a risk adjusted rate. Subsequent measurements of unconditional promises to give do not represent fair value. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are met. Contributions of assets other than cash are recorded at their estimated fair value at the date of receipt. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortized discounts are recorded as additional contribution revenue and are subject to donor-imposed restrictions.

Government grants - Revenues from government grants are considered to be contributions as the transactions are non-reciprocal in nature and contain a right of return. As such, revenues from grants are recognized when the conditions are met, that is as allowable expenditures under such agreements are incurred, and reported as increases in net assets without donor restrictions. As restrictions were met in the same period, these grants were reported as changes in net assets without donor restrictions.

Contracts and exchange transactions - Revenues from contracts and exchange transactions are recognized as related performance obligations are satisfied and reported as increases in net assets without donor restriction.

Investment return - Investment income and realized and unrealized gains and losses are recorded as increases or decreases to the appropriate net asset category depending on the nature of the underlying investment. Income and net gains on investments are reported as follows:

- Increases/decreases in donor restricted net assets if the terms of the gift or the College's interpretation of relevant state law require they be added to the principal of a restricted net asset held in perpetuity or if the terms of the gift impose restrictions on the timing or the use of the income.

- Increases/decreases in net assets without donor restriction in all other cases.

Auxiliary enterprises - Auxiliary enterprises include income primarily from student housing, food services, transportation services, and conferences and events. Revenue for auxiliary enterprises is recognized when the related service is performed. Accordingly, the auxiliary enterprise expenses include all costs incurred in providing those services.

The College's measure of operations presented in the statements of activities includes revenues from tuition and fees, grants, contracts, contributions, investment income from investments except those gains and losses earned by funds without donor restriction functioning as endowments that have not been appropriated for expenditure in the current year, amounts appropriated for expenditure from restricted endowments in the current year, and revenues from auxiliary enterprises and other sources, as well as net assets released from restriction based upon the satisfaction of those restrictions. Operating expenses are reported by functional categories, after allocating costs for plant maintenance, interest on long-term indebtedness and depreciation.

Nonoperating activities presented in the statements of activities include gifts for buildings and other depreciable assets, unconditional promises to give and investment returns on loan funds and donor restricted endowments, gains and losses earned by funds without donor restriction functioning as endowments that have not been appropriated for expenditure in the current year, changes in the value of split-interest agreements, and gains and losses from changes in the value of other assets or liabilities that are not considered to be related to operations.

Cash and Cash Equivalents

The College considers all highly-liquid investments, except those held for long-term investment, purchased with original maturities of three months or less to be cash equivalents. Cash equivalents are invested in money market accounts or commercial paper and are stated at cost.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash as reported on the statements of financial position that sum to the total of such amounts reported on the statements of cash flows at May 31:

	2023	2022
Cash and cash equivalents	$ 32,987,570	$ 53,787,272
Restricted cash from bond issuance for capital projects	20,090,932	34,740,566
Total cash and cash equivalents	$ 53,078,502	$ 88,527,838

Student Accounts Receivable

Student accounts receivable are recorded at the invoiced amount and do not bear interest. At May 31, 2023 and 2022, student accounts receivable totaled $714,551 and $369,765, respectively, net of an allowance for doubtful accounts of $230,000 each year. The allowance for doubtful accounts represents the College's best estimate of the amount of probable credit losses in the College's existing accounts receivable. The College determines the allowance by performing on-going evaluations of its students and their ability to make payments. The College determines the adequacy of the allowance based on length of time past due, historical experience, and judgment of economic conditions. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential recovery is considered remote.

Investments

Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value are based on quotations from national securities exchanges. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. The College reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. The values of real estate investments are determined from valuations prepared by independent appraisers at the time of gift and, subsequently, these investments are carried at cost. Management will assess these investments for impairment when circumstances indicate a decline in value is other than temporary.

The College invests in a variety of investment securities which are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and such changes could materially affect the amounts reported in the financial statements.

Operating Investments include interest-bearing investment options with original maturities in excess of three months purchased to maximize returns on surplus cash within appropriate risk constraints as established by the College's short-term investment policy. Funds are placed in investment options that align with the College's projected liquidity needs, and are not required as collateral for the unsecured line of credit.

Contributions Receivable

An allowance for uncollectible receivables is provided based upon management's judgment, including such factors as prior collection history and type of receivable. Accounts are charged off when all collection efforts have been exhausted. At May 31, 2023 and 2022, no allowance for uncollectible receivables was recorded.

Split-Interest Agreements

The College uses the actuarial method of recording certain split-interest agreements. Under this method, the present value of the payments to beneficiaries is determined based upon life expectancy tables when the gift is received. The present value of those payments is recorded as a liability and the remainder as net assets. Discount rates ranging from 0.60% to 8.20% were used to calculate the present value of the liability based on the estimated life expectancies of the beneficiaries. The discount rates represent the Federal Applicable Rates that were effective when the gift agreements were established. Periodic adjustments are made between the liability and the net assets to record actuarial gains or losses.

The College is named as beneficiary of various trust funds where the College's ultimate receipt of the funds is uncertain because of stipulations in the trust agreement. These trust funds are comprised of agreements which name third parties as co-beneficiaries. The College has reflected appropriate liabilities for such trusts in the accompanying statements of financial position. For the years ended May 31, 2023 and 2022, the College distributed $770,302 and $807,031, respectively, in split-interest beneficiary payments.

Fair Value Measurements

Accounting literature defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The valuation techniques used are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the College's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 - Inputs are unadjusted, and represent quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date.

Level 3 - Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and/or the risk inherent in the inputs to the model. Securities classified within Level 3 investments are based on valuations provided by the external investment managers. The valuations consider variables such as financial performance of investments, recent sales prices of investments, and other pertinent information. The Investment Committee, in conjunction with management and external investment advisors, reviews the valuation of the investments on a quarterly basis. The Investment Committee reports to the Board of Trustees.

A financial instrument is defined as a contractual obligation that ultimately ends with the delivery of cash or an ownership interest in an entity. Disclosures included in these notes regarding the fair value of financial instruments have been derived using external market sources, estimates using present value, or other valuation techniques.

Property, Plant and Equipment

Property, plant and equipment are stated at cost at the date of acquisition or fair value on the date contributed. New equipment with a cost of $10,000 or more, and expenditures for major repairs and improvements exceeding $20,000 for equipment and buildings are capitalized; conversely, maintenance, repairs, and routine replacements are charged to expense as incurred. All plant assets except land and art and artifacts collections are depreciated over their estimated useful lives using the straight-line method. Estimated useful lives of land improvements and buildings and related improvements are 20 to 50 years; and furniture and equipment are 4 to 10 years.

Income Taxes

The College is a tax-exempt organization and is not subject to federal or state income taxes, except for unrelated business income, in accordance with Section 501©(3) of the Internal Revenue Code. In addition, the College qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

The College follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the College for uncertain tax positions as of May 31, 2023 and 2022. The College's tax returns are subject to review and examination by federal and state authorities.

Use of Estimates

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

Reclassifications

Certain amounts appearing in the 2022 financial statements have been reclassified to conform with the 2023 presentation. The reclassifications have no effect on the reported amounts of total net assets or changes in total net assets.

Subsequent Events

Subsequent events are events or transactions that occur after the date of the statements of financial position but before financial statements are issued. The College recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. The College has evaluated subsequent events through October 9, 2023, which is the date the financial statements were issued.

2. Student Loans Receivable

Student loans receivable represents loans from the Perkins loan funds that are generally payable with interest between 3% and 5% over approximately 11 years following college attendance. Principal payments, interest, and losses due to cancellation are shared by the College and the U.S. government in proportion to their share of funds provided. The program provides for cancellation of loans if the student is employed in certain occupations following graduation. Losses from employment cancellations are absorbed in full by the U.S. government. At May 31, 2023 and 2022, outstanding student loans funded through the Perkins loan program were $968,774 and $1,612,311, respectively, net of an allowance for doubtful accounts. Amounts due under the Perkins loan program are guaranteed by the government; however, a reserve in the amount of $485,200 was recorded at May 31, 2023 and 2022 to account for those amounts advanced by the College.

The Extension Act amended section 461 of the Higher Education Act to end the College's authority to make new Perkins Loans after June 30, 2018. The College is not required to assign the outstanding Perkins Loans to the Department of Education or liquidate their Perkins loan revolving funds due to the wind-down of the Perkins Loan Program. However, the College may choose to liquidate at any time in the future. As of May 31, 2023, the College continues to service the Perkins Loan Program.

Funds advanced by the Federal government are ultimately refundable to the government and are classified as liabilities in the statements of financial position as U.S. government grants refundable. Outstanding loans cancelled under the program result in a decrease in the liability to the government. The College returned to the government $604,022 and $804,784 in excess cash during the years ended May 31, 2023 and 2022, respectively.

3. Contributions Receivable

Conditional Contributions

At May 31, 2023 and 2022, the College had outstanding conditional promises to give of approximately $2,199,684 and $1,062,872, respectively. These conditional promises are not recognized as assets and, if they are received, will generally be restricted for specific purposes stipulated by the donors primarily for endowment, general operational support, or plant facilities. At May 31, 2023 and 2022, the College had approximately $1,543,000 and $2,281,000, respectively, of conditional contributions outstanding on various grants, whereby, the conditions will be met upon incurring certain qualifying expenditures.

Unconditional Contributions

Payments due beyond one year were discounted using an adjusted risk-free interest rate commensurate with the period over which the contribution will be received. The weighted average rate was 1.37% and 0.90% for the years ended May 31, 2023 and 2022, respectively.

Amounts due are as follows:

	2023	2022
Amounts receivable in less than one year	$ 2,730,552	$ 2,902,167
Amounts receivable in one to five years	5,439,940	5,781,366
	8,170,492	8,683,533
Unamortized discount	(639,382)	(472,274)
Total contributions receivable	$ 7,531,110	$ 8,211,259

4. Split Interest Agreements

As of May 31, 2023 and 2022, the College had various gift annuity contracts issued and outstanding, respectively. The College maintains a reserve adequate to meet the actuarially determined future payments of these contracts. As of May 31, 2023 and 2022, the fair value of the total assets held was $1,889,527 and $2,389,283, respectively. The reserve was $927,130 and $1,069,581, respectively, leaving $962,396 and $1,319,702 of net assets in excess, respectively. During the fiscal years ended May 31, 2023 and 2022, distributions to annuitants totaled $133,125 and $151,179, respectively.

The College acts as trustee for a variety of split-interest agreements, mainly in the form of charitable remainder trusts, including both annuity trusts and uni-trusts. At May 31, 2023 and 2022, the College's actuarially determined future payments and other obligations were as follows:

	2023	2022
Gift annuity reserve	$ 927,130	$ 1,069,581
Present value of future payments, fixed rate uni-trusts	3,664,728	4,142,482
Total liability for split-interest agreements	$ 4,591,858	$ 5,212,063

5. Fair Value of Assets and Liabilities

The College used the following methods and significant assumptions to estimate fair value for its assets and liabilities measured and carried at fair value in the financial statements:

Investments - Investments are comprised of marketable securities, commingled trusts, hedge funds, and alternative investments. Marketable security fair values are based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Commingled trusts and hedge funds are valued using net asset value. Alternative investments are valued at fair value using significant unobservable inputs. The value of these investments is determined by fund managers and valuation experts, using relevant market data. Such valuations generally reflect discounts for illiquidity and consider variables such as financial performance of investments, recent sales prices of similar investments, and other pertinent information. The private investments have a high concentration of pre-initial public offering securities, subjecting these investments to market value volatility. The valuation methods utilized by the fund managers and valuation experts are subject to regular review by management.

Assets held in charitable remainder trusts - Assets held in charitable remainder trusts are comprised of marketable securities, mutual funds and real property. Marketable securities and mutual funds fair values are based on quoted market prices and discounted, when appropriate. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. The real estate investments are held at cost and management assesses these investments for impairment when circumstances indicate a decline in value is other than temporary.

Funds held in trust with others - Assets held in trust by others for which quoted prices are not readily available. The fair values are estimated using an income approach by calculating the present value of the future distributions expected to be received based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). Since the College has an irrevocable right to receive the income earned from the trusts' assets, the fair value of the College's beneficial interest is estimated to approximate the fair value of the trusts' assets.

Interest rate swap agreements - The fair values of interest rate swap agreements are the estimated amount the College would receive or pay to terminate the agreement at the reporting date, taking into consideration the current interest rates and creditworthiness of counter parties.

There were no changes in fair value methods or assumptions during the years ended May 31, 2023 or 2022.

The following is a summary categorization of the College's assets and liabilities based on the level of inputs utilized in determining the value of such assets and liabilities:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Equity securities:				
Balanced mutual funds	$ 2,756,439	$ -	$ -	$ 2,756,439
Domestic equity securities	191,310	-	-	191,310
Debt securities:				
U.S. Treasury securities	-	11,141,177	-	11,141,177
Municipal fixed income mutual funds	-	1,675,021	-	1,675,021
Domestic fixed income mutual funds	9,700,928	-	-	9,700,928
Domestic fixed income securities	-	4,581,933	-	4,581,933
International fixed income securities	-	474,652	-	474,652
Assets held in charitable remainder trusts:				
Fixed income mutual funds	1,573,100	-	-	1,573,100
Equity mutual funds	7,329,700	-	-	7,329,700
U.S. Treasury Securities	-	204,650	-	204,650
Marketable municipal fixed income	-	1,417,967	-	1,417,967
Total investments in the fair value hierarchy	21,551,477	19,495,400	-	41,046,877
Alternative investments measured using NAV (practical expedient)	-	-	-	291,540,615
Total investments measured at fair value	21,551,477	19,495,400	-	332,587,492
Total assets and liabilities at fair value	$ 21,551,477	$ 19,495,400	$ -	$ 332,587,492

Total investments at fair value	$ 332,587,492
Cash held for investment	4,273,743
Real estate investments (at cost)	856,137
Total investments	$ 337,717,372

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments				
Equity securities:				
International mutual funds	$ 4,417,405	$ -	$ -	$ 4,417,405
Domestic mutual funds	4,618,848	-	-	4,618,848
Balanced mutual funds	2,808,652	-	-	2,808,652
Domestic equity securities	921,143	-	-	921,143
Debt securities:				
U.S. Treasury securities	-	4,487,856	-	4,487,856
Municipal fixed income mutual funds	-	736,272	-	736,272
Domestic fixed income mutual funds	9,532,471	-	-	9,532,471
Domestic fixed income securities	-	5,285,228	-	5,285,228
International fixed income securities	-	466,600	-	466,600
Assets held in charitable remainder trusts:				
Fixed income mutual funds	1,947,838	-	-	1,947,838
Equity mutual funds	8,401,578	-	-	8,401,578
Marketable municipal fixed income	-	1,569,956	-	1,569,956
Total investments in the fair value hierarchy	32,647,935	12,545,912	-	45,193,847
Alternative investments measured using NAV (practical expedient)	-	-	-	286,706,818
Total investments measured at fair value	32,647,935	12,545,912	-	331,900,665
Interest rate swaps liability	-	(2,805,113)	-	(2,805,113)
Total assets and liabilities at fair value	$ 32,647,935	$ 9,740,799	$ -	$ 329,095,552

Total investments at fair value	$ 331,900,665
Cash held for investment	12,067,237
Real estate investments (at cost)	866,137
Total investments	$ 344,834,039

The College uses the Net Asset Value (NAV) to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles or have the attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major category:

	Fair Value		Unfunded	Redemption	Redemption	Other
	May 31, 2023	May 31, 2022	Commitments	Frequency	Notice Period	Restrictions
Commingled trusts (a)						
Marketable international equity securities	$ 63,258,413	$ 62,763,751	$ -	Range from monthly to quarterly	6 - 30 days	Three year lockup
Marketable domestic equity securities	38,077,702	30,294,428	-	Quarterly	60 days	None
Collateralized debt securities	10,895,566	10,619,149	-	Quarterly	60 days	None
U.S. Treasury securities	17,013,893	14,275,592	-	Daily	2 - 5 days	None
Hedge funds (b)						
Multi-strategy funds	9,437,010	9,640,780	-	Range from quarterly to annually	30 - 90 days	Rolling one to two year lookup
Long/short funds	13,099,895	8,472,292	-	Range from monthly to annually	30 - 90 days	Rolling 12 month lockup
Credit opportunities funds	7,841,089	7,158,895	-	Range from quarterly to bi-annually	60 - 90 days	Rolling one to two year lockup
Sector-focused funds	8,033,417	7,291,509	-	Quarterly	60 - 90 days	None
Private equity funds (c)	25,383,936	21,243,415	12,505,921	N/A*	N/A*	N/A*
International private equity funds (c)	6,758,190	8,170,568	895,650	N/A*	N/A*	N/A*
Venture capital funds (c)	74,834,499	91,792,464	15,376,789	N/A*	N/A*	N/A*
Natural resources funds (d)	8,756,617	8,486,618	2,192,521	N/A*	N/A*	N/A*
Real estate funds (e)	8,150,388	6,497,357	2,371,671	N/A*	N/A*	N/A*
	$ 291,540,615	$ 286,706,818	$ 33,342,552			

* These funds are in private equity structure, with no ability to be redeemed.

(a) These are directional investments, invested in domestic and international debt and equity securities. These funds invest mostly in long-term securities, and some invest both long and short-term. The investments are public securities, and the funds are held in partnership or trust format.

(b) Hedge fund strategies and allocations include 25% multi-strategy, 20% distressed opportunities, 34% long/short, 21% sector-focused.

(c) This category includes investments in both dedicated private equity or venture capital funds and in fund-of-funds, which invest in 15-30 private equity or venture capital funds. Private equity funds, through negotiation or tender offer, attempt to take over a major percentage of a company's equity, with the purpose of acquiring its assets and operations. Venture capital funds invest in non-marketable securities of new companies or companies considered to be in the early stages of growth.

(d) This category invests in funds-of-funds, which invest in 15-30 natural resource funds created to invest in the exploration or development of energy-related reserves.

(e) The category includes investments in fund-of-funds, which invest in 15-30 private real estate funds. Private real estate funds take ownership positions in land, buildings, equity-like investments in mortgages or land leases that include substantial participation in revenues, capital appreciation, and private-operating companies.

6. 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. The College has various sources of liquidity at its disposal, including cash and cash equivalents, marketable securities, lines of credit, and commercial paper facilities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to its ongoing activities of teaching, research, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the College operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identifies the sources and uses of the College's cash.

The following tables show the total financial assets held by the College and the amounts of those financial assets which could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	$ 53,078,502	$ 88,527,838
Operating investments	15,042,940	-
Student accounts receivable	714,551	369,765
Other receivables	8,344,818	8,008,324
Grants receivable	1,464,947	614,809
Contributions receivable	7,531,110	8,211,259
Student loans receivable	968,774	1,612,311
Investments	337,717,372	344,834,039
Total financial assets at year-end	$ 424,863,014	$ 452,178,345

	2023	2022
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	$ 20,787,334	$ 38,979,946
Operating investments	15,042,940	-
Student accounts receivable	714,551	369,765
Other receivables	7,761,764	6,755,264
Grants receivable	1,464,947	614,809
Contributions for general expenditures due in one year or less	721,071	209,015
Payout on endowments for use over next 12 months	12,702,435	11,669,265
Investments not encumbered by donor or board restrictions	7,030,829	66,760
Financial assets available to meet cash needs for general expenditure within one year	$ 66,225,871	$ 58,664,824

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 fees and contributions, the College invests cash in excess of daily requirements in lower-risk cash and fixed-income securities in accordance with projected cash needs identified through ongoing liquidity analyses.

To further manage liquidity, the College maintains a $10,000,000 operating line of credit with U.S. Bank for the purpose of financing short-term operating cash flow requirements. Interest is due monthly, and accrues at a rate of 2.11% plus the one-month term SOFR (total effective rate of 7.15% at May 31, 2023). The scheduled maturity on the line of credit is February 28, 2024. As of May 31, 2023 and 2022, no amounts were outstanding on the line of credit. The agreement establishes various positive and negative covenants, including liquid asset requirements.

7. Property, Plant and Equipment

At May 31, property, plant and equipment consisted of the following:

	2023	2022
Land	$ 18,402,563	$ 18,402,563
Land improvements	21,586,277	19,031,151
Buildings and improvements	247,402,894	226,112,644
Art and artifacts collection	2,792,121	2,792,121
Furniture and equipment	35,838,622	33,146,198
Construction in progress	11,892,568	11,543,882
	337,915,045	311,028,559
Less accumulated depreciation	(157,642,250)	(148,762,073)
	$ 180,272,795	$ 162,266,486

Major projects included in construction in progress as of May 31, 2023 include various residence hall and academic building improvements. The total budget for all projects in progress is approximately $33,097,500 to be completed over the next several years. As of May 31, 2023, $11,892,568 was expended or accrued for these projects and an additional $11,065,000 was contractually committed. Projects will be funded by a combination of contributions, federal and state grants, and College funds.

8. Bonds Payable

In March 2020, the College entered into a loan agreement and trust indenture with the State of Oregon Facilities Authority that provided for the issuance of $152,030,000 2020 Series A (Federally Taxable) Revenue Bonds with mandatory final redemption on October 1, 2050. The bonds were issued for the acquisition, construction, renovation, furnishing and equipping of future capital improvement projects on the campus of the College, as well as refinancing the College's prior debt issuance also originally issued for this purpose. Bond issuance costs are amounts paid by the College in connection with bond financing. Amortization is calculated using the straight-line method, which approximates the effective interest method, over the life of the bonds.

At May 31, bonds payable consist of the following:

	2023	2022
State of Oregon Revenue Bonds, 2021 Series A, fixed interest rates ranging from 1.927% to 3.441%, secured by a Uniform Commercial Code security interest in revenues (without donor restrictions) of the College, payable in annual principal installments which begin October 2026, with maturity in 2050	$ 152,030,000	$ 152,030,000
Less bond issuance costs	(1,059,834)	(1,127,911)
Total bonds payable, net	$ 150,970,166	$ 150,902,089

Interest is payable on the Series 2021 bonds semi-annually on each October 1 and April 1 at rates ranging from 1.927% to 3.441%. Interest expense for all bonds payable was $4,718,269 and $4,808,313 for the years ended May 31, 2023 and 2022, respectively. Total interest expense, including payments connected to the interest rate swaps, was $4,842,625 and $5,643,701 for the years ended May 31, 2023 and 2022, respectively. See Note 10 for additional information on interest rate swaps.

	Principal	Interest
Years ending May 31:		
2024	$ -	$ 4,818,878
2025	-	4,818,878
2026	-	4,818,878
2027	2,480,000	4,794,984
2028	2,525,000	4,746,129
Thereafter	147,025,000	70,104,838
Total	$ 152,030,000	$ 94,102,585

The agreement contains certain restrictive covenants as to additional indebtedness, as defined in the agreement. As of May 31, 2023, the College is in compliance with these covenants.

9. Leases

Operating Lease Commitments

The College leases office space for clinics associated with the Law & Graduate Schools and various equipment under operating lease obligations. Expirations of current operating lease commitments extend through August 2027 with an average remaining lease term of 4.46 and 3.47 years as of May 31, 2023 and 2022 respectively. Certain operating leases contain options for extending beyond the original lease term. However, the College has not recognized any of these options in the calculation of remaining lease term as it is not reasonably certain to exercise any options to extend at this time. The weighted average discount rate is 4.96%. Future minimum payments associated with operating lease agreements for succeeding years are as follows:

Years ending May 31:	
2024	$ 418,246
2025	425,462
2026	362,867
2027	343,656
2028	77,232
Total	1,627,463
Discount to present value	(81,560)
Total operating lease liability at May 31, 2023	$ 1,545,903
Total operating lease right-of-use asset at May 31, 2023	$ 1,518,371

The College records short-term leases (those 12 months or less in duration) as operating expenditures in the periods in which the lease obligations are incurred. Lease expense totaled $500,142 and $485,415 for the years ended May 31, 2023 and 2022, respectively, with $323,977 and $360,680, respectively, attributable to operating lease commitments and the remaining $176,165 and $124,735 for each year, respectively, attributable to short-term lease expense and other rental costs incurred during the period.

10. Interest Rate Swaps

In the past, the College had used variable-rate debt to finance the acquisition of property, plant, and equipment. These debt obligations had exposed the College to variability in interest payments due to changes in interest rates.

The College had swapped virtually 100% of its variable-rate cash flow exposure on these debt obligations for fixed-rate cash flows by entering into receive-variable, pay-fixed interest rate swaps. Under the interest rate swaps, the College received variable-rate interest payments and made fixed interest rate payments, thereby creating substantially fixed interest rate payments on the related debt obligations. The College's existing swaps were contracted as cash flow hedges.

As of May 31, 2022, the College had two outstanding swaps with the Bank of New York, each with a $10,000,000 notional value. The valuation of the swaps resulted in unrealized gains of $2,678,591 as of that date. The College terminated both outstanding swaps in the current year had no outstanding interest rate swaps as of May 31, 2023.

11. Net Assets

Net assets without donor restrictions consist of the following:

	2023	2022
Operations	$ 33,053,432	$ 23,562,090
Invested in property, plant and equipment	53,042,119	51,200,679
Funds held for long-term investment (Board Designated for Endowment)	59,136,448	60,795,273
Total net assets without donor restrictions	$ 145,231,999	$ 135,558,042

Net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Endowment funds:		
Without purpose restrictions	$ 8,018,529	$ 8,597,309
With purpose restrictions:		
Scholarships	142,626,455	151,560,392
Faculty and staff compensation	43,094,978	42,822,075
Facilities	27,011,950	29,069,358
Departmental	32,334,300	29,501,440
	253,086,212	261,550,574
Split interest agreements	7,069,042	7,790,935
Student loans	15,761	15,761
Restricted for specific projects	13,261,912	17,822,022
Property held for College use in perpetuity	7,372,706	7,372,706
Total net assets with donor restrictions	$ 280,805,633	$ 294,551,998

12. Endowments

The College's endowment consists of approximately 700 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) requires the College to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Trustees. The Investment Committee of the Board of Trustees has approved a spending constraint threshold which states that if the market value is less than the permanent gift value, the distribution would be reduced to 2.5% of the sixteen-quarter rolling average endowment market value.

The College invests its endowment investment portfolio and allocates the related earnings for expenditure in accordance with the total return concept. A distribution of endowment return that is independent of the cash yield and appreciation of investments earned during the year is provided for program support. The College has adopted an endowment spending policy designed specifically to stabilize annual spending levels and to preserve the real value of the endowment portfolio over time.

The spending policy attempts to achieve these two objectives by using a long-term targeted spending rate combined with a smoothing rule, which adjusts spending gradually to changes in the endowment market value. The College uses a spending rate of 4.5% of the sixteen-quarter rolling average endowment market value.

The state of Oregon enacted UPMIFA, the provisions of which apply to endowment funds existing on or established after that date. The Board of Trustees of the College has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

In accordance with the Act, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the College and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the College
7) The investment policies of the College

Endowment net assets consist of the following at May 31, 2023:

	Without Donor Restrictions	With Donor Restrictions: Original Gift	With Donor Restrictions: Accumulated Gain (Losses)	With Donor Restrictions: Total	Total Funds May 31, 2023
Board-designated endowment funds	$ 59,136,448	$ -	$ -	$ -	$ 59,136,448
Donor-restricted endowment funds	-	147,480,938	105,605,274	253,086,212	253,086,212
Total endowment net assets	$ 59,136,448	$ 147,480,938	$ 105,605,274	$ 253,086,212	$ 312,222,660

Endowment net assets consist of the following at May 31, 2022:

	Without Donor Restrictions	With Donor Restrictions: Original Gift	With Donor Restrictions: Accumulated Gain (Losses)	With Donor Restrictions: Total	Total Funds May 31, 2022
Board-designated endowment funds	$ 60,795,273	$ -	$ -	$ -	$ 60,795,273
Donor-restricted endowment funds	-	137,673,183	123,877,391	261,550,574	261,550,574
Total endowment net assets	$ 60,795,273	$ 137,673,183	$ 123,877,391	$ 261,550,574	$ 322,345,847

Changes in endowment net assets for the years ended May 31 are as follows:

2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 60,795,273	$ 261,550,574	$ 322,345,847
Investment returns (losses)	(1,735,650)	(6,552,799)	(8,288,449)
Contributions	2,416,900	7,433,897	9,850,797
Appropriation of endowment assets for expenditure (spending rate)	(2,340,074)	(9,345,461)	(11,685,535)
Endowment net assets, end of year	$ 59,136,449	$ 253,086,211	$ 312,222,660

2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 54,997,670	$ 247,260,540	$ 302,258,210
Investment returns	7,692,238	19,252,093	26,944,331
Contributions	425,454	4,036,098	4,461,552
Appropriation of endowment assets for expenditure (spending rate)	(2,320,089)	(8,998,157)	(11,318,246)
Endowment net assets, end of year	$ 60,795,273	$ 261,550,574	$ 322,345,847

13. Retirement Plan

The College participates in a contributory retirement plan covering substantially all personnel. All employees are eligible to make voluntary deferrals to the plan immediately upon employment. All regular employees working at least half time receive discretionary College contributions after one year of employment. The plan is administered by TIAA.

Once an employee becomes eligible for the employer contribution, the College makes monthly payments of 9% of the employee's compensation. There is no requirement for the employee to contribute to the plan in order to receive the College's contribution. All funds vest immediately. Aggregate pension expense for the years ended May 31, 2023 and 2022, was approximately $4,212,000 and $4,089,000, respectively.

14. Post-Retirement Healthcare Benefits

In addition to providing retirement plan benefits, the College provides certain healthcare benefits for retired employees. Employees who retire with at least five years of full-time service may purchase a Medicare supplement through the Retiree Medical Insurance Program. The College pays a portion of the premium. During fiscal year 2021, the College elected to close this program to new enrollees effective after December 31, 2021, and to phase out the program for all enrollees by December 31, 2023.

The College recognizes the funded status of defined benefit post-retirement plans as either an asset or liability on the statements of financial position. The benefit plan is not funded in separate accounts and costs are paid from the College's general cash accounts on a pay-as-you-go basis. To determine the accumulated post-retirement benefit obligation at May 31, 2023 and 2022, the College's portion of each eligible employee's total premium was assumed to remain at $55 per month ($660 per year) through the program end date. The liability included in accrued and other liabilities on the statements of financial position was $25,935 and $70,585 for the years ended May 31, 2023 and 2022, respectively.

As of May 31, 2023, remaining healthcare insurance premium payments for the participants expected to be paid through the cessation of the program on December 31, 2023 total $25,935.

15. Commitments and Contingencies

Legal Proceedings and Litigation

From time to time, the College is involved in legal proceedings, claims, and litigation arising in the ordinary course of operations. In the opinion of management, these matters will not materially affect the College's financial position as of May 31, 2023.

Federal Grants

The College receives and expends monies under federal grant programs and is subject to audits by governmental agencies. Management believes that any liabilities resulting from such audits will not have a material impact on the College.

16. Concentrations

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents. The College places substantially all of its cash and liquid investments with financial institutions; however, cash balances may periodically exceed federally insured limits. Investments are diversified in order to limit credit risk.

As of May 31, 2023 and 2022, the College had investments of $31,650,561 and $30,294,428, respectively, which were concentrated in one fund.

As of May 31, 2023 and 2022, gross contributions receivable of $4,083,333 and $5,416,666, were due from three donors, respectively.

17. Expenses by Nature and Function

Expenses are allocated to programs and organized by functional categories that correlate to the educational mission of the College. Natural expenses that relate to more than one functional expense category are allocated based upon factors such as square footage and percent of time and effort.

Expenses by natural and functional classification for the years ended May 31, 2023 and 2022 were as follows:

	2023						
	Salaries and Wages	Benefits	Services and Supplies	Depreciation	Facilities Operating Expenses	Interest	Total
Instruction	$ 33,822,915	$ 6,801,646	$ 9,736,537	$ 4,256,525	$ 1,287,304	$ 841,965	$ 56,746,892
Research	2,038,265	216,218	523,976	-	19,624	-	2,798,083
Public service	980,705	111,955	317,054	-	12,096	-	1,421,810
Academic support	6,242,884	1,299,583	2,563,910	-	421,035	1,262,948	11,790,360
Student services	8,459,439	1,855,676	6,308,285	12,942	619,844	-	17,256,186
Institutional support	10,937,840	2,503,009	7,159,334	2,036,245	1,975,163	699,369	25,310,960
Auxiliary enterprises	1,434,685	969,805	7,896,434	2,662,817	3,393,976	1,925,987	18,283,704
Total	$ 63,916,733	$ 13,757,892	$ 34,505,530	$ 8,968,529	$ 7,729,041	$ 4,730,269	$ 133,607,995

	2022						
	Salaries and Wages	Benefits	Services and Supplies	Depreciation	Facilities Operating Expenses	Interest	Total
Instruction	$ 31,723,371	$ 6,745,737	$ 6,787,448	$ 4,277,410	$ 1,137,106	$ 831,869	$ 51,502,941
Research	1,944,758	200,417	386,068	-	28,128	-	2,559,371
Public service	795,710	97,451	180,312	-	11,964	-	1,085,437
Academic support	5,837,702	1,211,487	2,595,472	-	363,672	1,247,803	11,256,136
Student services	8,113,499	1,783,876	9,118,851	12,942	538,226	-	19,567,394
Institutional support	9,259,222	2,211,553	5,164,473	2,040,805	1,952,848	682,864	21,311,765
Auxiliary enterprises	1,395,348	909,288	6,765,322	2,272,474	2,640,761	2,056,777	16,039,970
Total	$ 59,069,610	$ 13,159,809	$ 30,997,946	$ 8,603,631	$ 6,672,705	$ 4,819,313	$ 123,323,014

18. Related-Party Transactions

Members of the College's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the College. For senior management, the College requires annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with the College. These annual disclosures cover both senior management and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the College. The College has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the College, and in accordance with applicable conflict of interest laws. No such associations are considered to be financially significant at May 31, 2023. Contributions made by members of the College's Board of Trustees or related sources totaled approximately $2,179,000 and $2,494,000 for the years ending May 31, 2023 and 2022, respectively. Contribution receivables from Board members total approximately $2,369,000 and $3,090,000 at May 31, 2023 and 2022, respectively.

19. Department of Education Financial Responsibility Information

The Department of Education (ED) revised the regulations for financial responsibility, which necessitated the College's implementation as of June 1, 2019. The regulations require the College to provide additional disclosures, including a financial responsibility supplemental schedule, to assist the ED in measuring financial responsibility through the composite score of financial ratios. The financial responsibility supplemental schedule must contain all financial elements required to calculate the composite score ratios, with a cross-reference to the financial statement line or note that contains the element.

Note 7 provides information on the College's property, plant, and equipment, net of accumulated depreciation, but does not provide a breakout by the implementation date of June 1, 2019. The following table provides a breakdown of property, plant, and equipment, net, at May 31, 2023 based on the June 1, 2019 implementation date.

Property, plant and equipment, net of accumulated depreciation	
Property, plant and equipment, net of accumulated depreciation, pre-implementation	$ 135,616,091
Property, plant and equipment, net of accumulated depreciation, post-implementation with outstanding debt for original purchase	6,388,558
Property, plant and equipment, net of accumulated depreciation, post-implementation without outstanding debt for original purchase	26,375,578
Construction in progress (Note 7)	11,892,568
Total property, plant and equipment, net of accumulated depreciation, at May 31, 2023 (Note 7)	$ 180,272,795

Note 8 provides information on the College's long-term debt, but does not provide a breakout by the implementation date of June 1, 2019. The following table provides a breakdown of long-term debt for long-term purposes, at May 31, 2023 based on the June 1, 2019 implementation date.

Pre-implementation:	
Long-term debt for long-term purposes, pre-implementation	$ 116,161,523
Long-term debt for long-term purposes, pre-implementation, repayments and amortization	(860,348)
Total long-term debt for long-term purposes, pre-implementation at May 31, 2023	115,301,175
Post-implementation:	
Long-term debt for long-term purposes, post-implementation at May 31, 2023, fully offset by escrow funds restricted for capital projects in future years (therefore excluded from supplemental schedule)	20,090,932
Long-term debt for long-term purposes, allowable post implementation at May 31, 2023	15,694,298
Long-term debt for long-term purposes, allowable post-implementation, repayments and amortization	(116,239)
Total long-term debt for long-term purposes, allowable post-implementation at May 31, 2023	15,578,059
Total long-term debt, net for long-term purposes, pre- and post-implementation May 31, 2023 (Note 8)	$ 150,970,166

Notes 11 and 12 provide information on the College's breakdown of net assets with either time or purpose restrictions. The following table provides a breakdown of those net assets with donor restrictions at May 31, 2023.

Net assets with donor restrictions, restricted in perpetuity:	
Endowment original gifts, restricted in perpetuity	$ 142,378,955
Property held for College use in perpetuity (Note 11)	7,372,706
Total net assets with donor restrictions, restricted in perpetuity	149,751,661
Term endowments with donor restrictions	5,101,983
Net assets with donor restrictions, time or purpose restricted:	
Student loans (Note 11)	15,761
Restricted for specific projects (Note 11)	13,261,912
Endowment accumulated gain (Note 12)	105,605,274
Total net assets with donor restrictions, time or purpose restricted	118,882,947
Annuities with donor restrictions, split interest agreements:	
Annuities with temporary donor restrictions	1,666,340
Annuities with permanent donor restrictions	5,402,702
Total annuities with donor restrictions, split interest agreements (Note 11)	7,069,042
Total net assets with donor restrictions (Note 11)	$ 280,805,633