Ursinus College

Financial Statements

June 30, 2021 and 2020

Independent Auditors' Report

To the Board of Trustees of
Ursinus College

We have audited the accompanying financial statements of Ursinus College (the College), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ursinus College as of June 30, 2021 and 2020, 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.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
November 24, 2021

Ursinus College

Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 7,554,556	$ 3,104,826
Accounts receivable, net	368,986	444,090
Prepaid expenses	1,287,107	694,149
Pledges receivable, net	4,996,817	3,014,606
Student loans receivable, net	731,199	997,212
Deposits with bond trustee	1,372,497	1,372,338
Investments and funds held in trust by others	170,987,468	145,287,237
Land, buildings and equipment, net	140,129,366	144,325,183
Collections	9,646,368	9,082,443
Other assets	721,150	770,923
Total assets	$ 337,795,514	$ 309,093,007
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 2,399,916	$ 2,733,963
Accrued payroll	1,795,396	1,685,709
Deferred revenues	137,017	1,806,213
Refundable deposits	859,689	851,613
Postretirement obligations	379,403	459,931
Annuities payable	5,512,505	5,205,428
Conditional asset retirement obligations	2,028,820	1,984,655
Long-term debt, net	59,205,729	60,976,598
U.S. government grants refundable	821,063	1,287,107
Total liabilities	73,139,538	76,991,217
Net Assets		
Without donor restrictions	114,344,772	103,219,867
With donor restrictions	150,311,204	128,881,923
Total net assets	264,655,976	232,101,790
Total liabilities and net assets	$ 337,795,514	$ 309,093,007

See notes to financial statements

Ursinus College

Statements of Activities
Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total (Summarized)
Operating Revenue				
Tuition and fees (net of student aid $50,649,621 in 2021 and $48,181,994 in 2020)	$ 30,352,162	$ -	$ 30,352,162	$ 28,384,903
Room and board	15,087,615	-	15,087,615	14,849,909
Contributions	5,424,811	3,567,589	8,992,400	3,752,942
Government grants and contracts	3,424,759	1,930	3,426,689	1,918,765
Endowment funds used for operations	11,202,940	101,268	11,304,208	10,702,097
Other investment income, net	1,609,688	2,955	1,612,643	899,116
Other auxiliary enterprises	16,366	-	16,366	21,449
Other income	739,318	-	739,318	1,880,151
Net realized and unrealized (losses) gains	(85,177)	-	(85,177)	40,375
Net assets released from restrictions	4,843,136	(4,843,136)	-	-
Total operating revenue	72,615,618	(1,169,394)	71,446,224	62,449,707
Operating Expenses				
Program services:				
Instruction	20,913,557	-	20,913,557	21,472,871
Research	363,139	-	363,139	220,174
Public service	837,916	-	837,916	957,963
Student services	10,601,072	-	10,601,072	11,826,472
Auxiliary enterprises	12,529,229	-	12,529,229	11,221,429
Total program services	45,244,913	-	45,244,913	45,698,909
Supporting services:				
Academic support	5,290,075	-	5,290,075	6,897,234
Management and general	14,483,345	-	14,483,345	16,411,512
Total supporting services	19,773,420	-	19,773,420	23,308,746
Total operating expenses	65,018,333	-	65,018,333	69,007,655
Change in net assets from operations	7,597,285	(1,169,394)	6,427,891	(6,557,948)
Nonoperating Activities				
Contributions	725,013	1,333,257	2,058,270	1,171,705
Other investment income, net	41,458	135,548	177,006	316,666
Net realized and unrealized gains	3,501,864	32,305,508	35,807,372	1,520,434
Endowment funds provided to operations	(11,487,065)	-	(11,487,065)	(9,476,644)
Actuarial loss on annuities payable	-	(31,155)	(31,155)	(124,540)
Other expenses	(398,133)	-	(398,133)	(20,173)
Net assets released from restrictions	11,144,483	(11,144,483)	-	-
Change in net assets from nonoperating activities	3,527,620	22,598,675	26,126,295	(6,612,552)
Change in net assets	11,124,905	21,429,281	32,554,186	(13,170,500)
Net Assets, Beginning	103,219,867	128,881,923	232,101,790	245,272,290
Net Assets, Ending	$ 114,344,772	$ 150,311,204	$ 264,655,976	$ 232,101,790

See notes to financial statements

Ursinus College

Statements of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Tuition and fees (net of student aid of $48,181,994)	$ 28,384,903	$ -	$ 28,384,903
Room and board	14,849,909	-	14,849,909
Contributions	2,197,020	1,555,922	3,752,942
Government grants and contracts	1,911,785	6,980	1,918,765
Endowment funds used for operations	9,162,757	1,539,340	10,702,097
Other investment income, net	896,178	2,938	899,116
Other auxiliary enterprises	21,449	-	21,449
Other income	1,880,151	-	1,880,151
Net realized and unrealized gains	40,375	-	40,375
Net assets released from restrictions	6,326,603	(6,326,603)	-
Total operating revenue	65,671,130	(3,221,423)	62,449,707
Operating Expenses			
Program services:			
Instruction	21,472,871	-	21,472,871
Research	220,174	-	220,174
Public service	957,963	-	957,963
Student services	11,826,472	-	11,826,472
Auxiliary enterprises	11,221,429	-	11,221,429
Total program services	45,698,909	-	45,698,909
Supporting services:			
Academic support	6,897,234	-	6,897,234
Management and general	16,411,512	-	16,411,512
Total supporting services	23,308,746	-	23,308,746
Total operating expenses	69,007,655	-	69,007,655
Change in net assets from operations	(3,336,525)	(3,221,423)	(6,557,948)
Nonoperating Activities			
Contributions	811,892	359,813	1,171,705
Other investment income, net	53,491	263,175	316,666
Net realized and unrealized gains	185,034	1,335,400	1,520,434
Endowment funds provided to operations	(9,476,644)	-	(9,476,644)
Actuarial loss on annuities payable	-	(124,540)	(124,540)
Other expenses	(20,173)	-	(20,173)
Net assets released from restrictions	8,184,184	(8,184,184)	-
Change in net assets from nonoperating activities	(262,216)	(6,350,336)	(6,612,552)
Change in net assets	(3,598,741)	(9,571,759)	(13,170,500)
Net Assets, Beginning	106,818,608	138,453,682	245,272,290
Net Assets, Ending	$ 103,219,867	$ 128,881,923	$ 232,101,790

See notes to financial statements

Ursinus College

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	$ 32,554,186	$ (13,170,500)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	5,851,987	5,783,135
Accretion of asset retirement obligations	44,165	41,879
Net realized and unrealized gains	(35,722,195)	(1,560,809)
Bond premium amortization	(136,156)	(263,670)
Amortization of bond issuance costs	60,092	85,355
Actuarial loss on annuities payable	31,155	124,540
Gift in-kind contributions of property and collections	(589,094)	(80,920)
Contributions restricted for long-term investment and annuity contracts	(1,333,257)	(359,813)
Changes in assets and liabilities:		
Accounts receivable	75,104	(49,980)
Prepaid expenses	(592,958)	116,579
Pledges receivable	(1,195,022)	1,078,629
Other assets	49,773	(25,084)
Accounts payable and accrued expenses	(350,997)	(211,864)
Accrued payroll	109,687	(130,464)
Deferred revenues	(1,669,196)	1,399,948
Refundable deposits	8,076	51,325
Postretirement obligations	(80,528)	(48,165)
U.S. government grants refundable	(466,044)	(234,381)
Net cash used in operating activities	(3,351,222)	(7,454,260)
Cash Flows From Investing Activities		
Purchases of property and equipment	(1,050,126)	(9,823,154)
Purchases of collections	(563,925)	(4,000)
Purchases of investments	(73,433,138)	(366,171,781)
Proceeds from sales of investments	83,899,615	380,070,872
Payments on student loans receivable	266,013	414,159
Net cash provided by investing activities	9,118,439	4,486,096
Cash Flows From Financing Activities		
Contributions received restricted for long-term investment	546,068	201,463
Contributions received restricted for investments in annuity contracts	70,000	51,627
Proceeds from issuance of long-term debt	-	832,472
Payments on long-term debt	(1,694,805)	(1,573,280)
Payments to annuitants	(238,591)	(431,449)
Net cash used in financing activities	(1,317,328)	(919,167)
Net increase (decrease) in cash and cash equivalents and restricted cash	4,449,889	(3,887,331)
Cash and Cash Equivalents and Restricted Cash, Beginning	4,477,164	8,364,495
Cash and Cash Equivalents and Restricted Cash, Ending	$ 8,927,053	$ 4,477,164
Supplemental Disclosures		
Cash paid for interest	$ 2,553,132	$ 2,284,051
Construction related payables	$ 16,950	$ 597,116
Reconciliation of Cash and Cash Equivalents and Restricted Cash		
Cash and cash equivalents	$ 7,554,556	$ 3,104,826
Deposits with bond trustee	1,372,497	1,372,338
Total cash and cash equivalents and restricted cash	$ 8,927,053	$ 4,477,164

See notes to financial statements

1. Summary of Significant Accounting Policies

Nature of Operations

Ursinus College (the College) located in Collegeville, Pennsylvania, is an independent, four-year liberal arts college founded in 1869. The mission of the College is to enable students to become independent, responsible and thoughtful individuals through a program of liberal education. At the start of the 2020-2021 academic year, the College enrolled 1,487 full-time-equivalent day students from 31 states and 8 countries, of which approximately 76 percent live in the College's residence halls.

Basis of Presentation

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, including accounting standards as they relate to financial statements of not-for-profit organizations. The Financial Accounting Standards Board (FASB) guidance requires the reporting of total assets, liabilities and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting the sources and uses of cash and cash equivalents and restricted cash in a statement of cash flows.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.

Net Assets With Donor Restrictions - Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Additionally, funds received as gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity are reported as net assets with donor restrictions.

Cash Equivalents and Restricted Cash

Cash equivalents and restricted cash represent demand deposits and other investments held by the College with original maturity dates not exceeding 90 days.

Revenue Recognition

Tuition and fees revenue is recognized in the fiscal year in which the academic programs are delivered. Revenue for the majority of auxiliary enterprises, including room, board and other related services, is recognized when the related service is provided. The remainder of auxiliary enterprises revenue is derived from the rental of College meeting rooms, classrooms, residence halls and athletic fields and facilities for classes, conferences, meetings and camp activities, for which revenue is recognized when the service is provided. Tuition and fees and auxiliary enterprise contracts are considered to have a duration of less than one year. Fall and Spring tuition and fees are recognized within the same fiscal year. Summer tuition and fees are recognized in the applicable fiscal year based on the number of weeks in the program period.

Tuition, fees, room and board rates are approved by the Board of Trustees. The transaction price which is determined based on these established rates, net of financial aid are recorded as student tuition and fees revenue, Institutional financial aid and discounts provided by the College are reflected as a reduction of tuition and fees revenue. The College may also award grants and scholarships to individuals who meet certain academic and financial aid eligibility criteria.

Amounts due for tuition, fees, room and board are due prior to the beginning of each semester. In accordance with the College's refund policy, students who adjust their course load or withdraw completely within the first six weeks of the academic term may receive a full or partial refund. Historically, refunds have been approximately 1.4 percent of the total amount billed and reduce the amount of revenue recognized. Student accounts receivable includes amounts to which the College is unconditionally entitled. The College considers such amounts unconditional as of the payment due date.

The College recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right to return - are not recognized until the conditions on which they depend have been met.

Unconditional promises to be received after one year are discounted at a discount rate, which approximates risk adjusted market rates. Amortization of the discount is recorded annually as contribution revenue. Contributions made and collected in the same reporting period are recorded when received in the appropriate net asset category (without donor restrictions or with donor restrictions). Gifts of noncash assets are recorded at their fair value.

Private grants and contracts are generally deemed to be exchange (reciprocal) transactions. The performance obligation for each grant or contract is deemed to be the research itself and revenue is recognized as the eligible grant activities are conducted. Transaction prices are based on budgets in the award agreement. Private grants and contracts are generally one year or less in duration. Exchange contracts are not significant to the College's financial statements.

Government grants and contracts are deemed to be nonexchange (nonreciprocal) transactions. Under this guidance, revenue related to conditional grants and contracts is recorded when the conditions are met. Most grants and contracts are on a cost reimbursement basis and require the College to incur eligible expenses prior to the release of funds. The College reports these grants and contracts as changes in net assets without donor restrictions when restrictions are met in the same period. Restricted private gifts are recorded as changes in net assets with donor restrictions. When a donor restriction expires, net assets are reclassified as net assets without donor restrictions.

Deferred Revenues

Deferred revenues relate to tuition and matriculation deposits and other payments for the upcoming Fall semester that are received prior to fiscal year-end. The following table depicts activities for deferred revenues related to tuition and fees.

Balance at June 30, 2020	Refunds Issued	Revenue Recognized In 2021 Included June 30, 2020 Balance	Cash Received in Advance of Performance	Balance at June 30, 2021
$ 1,757,880	$ -	$ 1,757,880	$ 88,684	$ 88,684

The balance of deferred revenues at June 30, 2021, less any refunds issued will be recognized as revenue in the next fiscal year, as services are rendered.

Student Loans Receivable

These loans are made with funds advanced to the College by the federal government under the Perkins Student Loan Program (the Program). As of June 30, 2021 and 2020, student loans receivable are stated net of an allowance for doubtful loans. Uncollectible Federal Perkins Loans are not written off until approved for write-off or accepted for assignment by the U.S. Department of Education (ED).

The Program expired on September 30, 2017 and after June 30, 2018, no new loans were permitted. The College is not required to assign the outstanding Perkins Loans to ED or liquidate their Perkins Loan Revolving Funds due to the wind-down of the Program, however; the College may choose to liquidate at any time in the future. As of June 30, 2021, the College continues to service the Perkins Loan Program.

Allowances for Doubtful Accounts

The allowances for doubtful accounts for student accounts receivable and pledges receivable are provided based upon management's judgment, including such factors as prior collection history and type of receivable. The College writes off receivables when they become uncollectible, and payments subsequently received on such receivables are credited to the provision for doubtful accounts.

Investments

Investments comprise all classes of investments held and invested by the College's professional portfolio managers. Investments with readily determinable market values are reported in the financial statements at fair value based on quoted market prices. The estimated fair value of alternative investments such as hedge funds and private equity interests are based on net asset value (NAV) as provided by the external investment managers as a practical expedient for fair value.

Gains or losses on investments other than endowment funds are recognized as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Gains or losses on endowment investments, not otherwise restricted, are recognized as increases or decreases in net assets without donor restrictions in accordance with Commonwealth of Pennsylvania law (Note 13).

Deposits With Bond Trustees

Deposits with bond trustees consist of short-term investments and are restricted for debt service reserves.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost at the date of purchase or fair value at date of donation in the case of gifts. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets: 50 years for buildings and certain improvements, 20 years for building improvements and 5 years for furniture and equipment. Maintenance and repairs are charged to expense as incurred; replacements and betterments are capitalized. All assets with a purchased cost, or fair value if acquired by gift, in excess of $5,000 are capitalized.

Contributions and Related Expenses

Pledges to be received after one year are recorded at fair value using a discount rate commensurate with the collection period of the gift investment. Amortization of the discount is recorded as additional contribution revenue.

Costs incurred for fundraising activities are expensed as incurred. Total fundraising costs, included in management and general expenses, were $2,603,074 and $3,521,838 for the years ended June 30, 2021 and 2020, respectively.

Collections

In 1989, the College opened the Philip and Muriel Berman Museum of Art. The collection contained therein is valued at the fair market value at the date of acquisition or date of gift. Fair market value for gifts of art is determined by independent appraisals. The collections are subject to a policy that requires proceeds from their sales to be used to acquire other items for collections or to support the direct care of existing collections. The College did not dispose of any collection items for financial gain for the years ended June 30, 2021 and 2020.

Gains or losses on the deaccession of collection items are classified on the statements of activities as without donor restrictions or with donor restrictions support depending on donor restrictions, if any, placed on the item at the time of accession. There were no deaccessions of the collections recorded in the year ended June 30, 2021. The College added $563,925 and $4,000 to the collections for the years ended June 30, 2021 and 2020, respectively.

Annuities Payable

Annuities payable represent the net present value of expected future payments to beneficiaries designated under annuity gift agreements, charitable remainder annuity trusts and charitable remainder unitrusts. Adjustments related to changes in estimates of future payments to beneficiaries and actuarial assumptions are recorded as actuarial gains or losses. Included in annuities payable on the statements of financial position for the years ended June 30, 2021 and 2020 is $1,632,716 and $2,235,810, respectively, as reserves for future payments of annuities payable.

Conditional Asset Retirement Obligations

A conditional asset retirement obligation is a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The College recognizes a liability for the fair value of the conditional asset retirement obligations if their fair value can be reasonably estimated.

Nonoperating Activities

The College considers endowment gifts, capital contributions and grants and related expenditures, net realized and unrealized gains and losses on investments, actuarial gains and losses on annuities payable, revenue and expenses related to loan funds and trusts, net assets released from restrictions and unusual nonrecurring transactions to be nonoperating activities.

Tax-Exempt Status

Under the provisions of Internal Revenue Code Section 501(c)(3) and the applicable income tax regulations of Pennsylvania, the College is exempt from taxes on income other than unrelated business income.

The College recognizes or derecognizes a tax position based on a more likely than not threshold. This applies to positions taken or expected to be taken in a tax return. The College does not believe its financial statements include any material uncertain tax positions.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts for student accounts, loans and pledges receivable; alternative investment values; useful lives of buildings and equipment; conditional asset retirement obligations; functional expense allocation and annuities payable. Actual results could differ from those estimates.

Concentration of Credit Risk

Cash, cash equivalents and investments are exposed to various risks, such as interest rate, market volatility and credit. To minimize such risks, the College has a diversified investment portfolio managed by several independent investment managers in a variety of asset classes. The College regularly evaluates its investments, including performance thereof. The College maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federal insured limits. The College's cash accounts are placed with high credit quality financial institutions. Due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially from year to year. It is reasonably possible that changes in investments will occur in the near term and such changes could materially affect amounts reported in the accompanying financial statements.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The College measures its investments and certain split-interest agreements at fair value.

Accounting Standards Adopted in the Current Year

Effective July 1, 2020, the College adopted the FASB Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842) (as amended)*. Topic 842 was issued to increase transparency and comparability among entities by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. Under the provisions of Topic 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, in the statements of financial position. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the leasing activities.

The College elected the option to apply the transition requirements at the effective date of July 1, 2020, which allows the effects of initially applying Topic 842 to be recognized as a cumulative effect adjustment to net assets without donor restrictions in the period of adoption. Consequently, the financial statements and disclosures required under Topic 842 have not been updated as of and for year ended June 30, 2020. The College also elected the package of practical expedients, which permits the College to not reassess prior conclusions about lease identification, classification and initial direct costs.

There were no significant effects related to the adoption of Topic 842 on the College's financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in Topic 820, *Fair Value Measurement*. The amendments are based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, which the Board finalized on August 28, 2018. ASU No. 2018-13 was adopted by College in fiscal year 2021 and was applied retrospectively to all periods presented in Note 7.

In March 2019, FASB issued ASU No. 2019-03, *Not-for-Profit-Entities (Topic 958): Updating the Definition of Collections*. ASU No. 2019-03 modifies the definition of the term "collections" and require that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned. ASU No. 2019-03 now allows not-for-profit entities that have collections to use funds from deaccessioned collection pieces to support the direct care of existing collections in addition to the current requirement that proceeds from sales of collection items be used to acquire other items for collection. The implementation of this standard had no significant impact on the College's financial statements as of June 30, 2021.

Accounting Standard Not Yet Adopted

During September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities* for Contributed Nonfinancial Assets. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU No. 2020-07 is effective for the College in fiscal 2022 and is to be applied on a retrospective basis. The College is currently assessing the effect that ASU No. 2020-07 will have on its financial statements.

Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

2. Coronavirus Disease (COVID-19) and Emergency Relief Funding

In January 2020, an outbreak of a new strain of the coronavirus disease, COVID-19, was identified. The World Health Organization declared COVID-19 a public health emergency on March 11, 2020. In response, various governmental agencies have mandated stricter procedures to address the health and safety of both employees and patrons including, in certain cases, requiring the closure of operations. On March 16, 2020, following guidance from Pennsylvania Governor Tom Wolf, students, faculty and staff were transitioned to remote operations. For the fiscal year ended June 30, 2020, the COVID-19 outbreak has had an adverse impact on the College's operations. While this disruption is anticipated to be temporary, with full operations and services resuming in the near future, the exact timing of a return to normal remains uncertain. The Board of Trustees and the College's management continue to monitor the outbreak and potential financial impact.

As a result of closing the majority of on campus operations in response to the Governor's order, through June 30, 2020 the College issued refunds or adjustments to students for housing and dining of $2,568,572. Adjustments issued reduce the amount of auxiliary enterprise revenue recognized in the statement of activities for the year ended June 30, 2020.

As a response to COVID-19, the federal government approved three relief packages between April 2020 and March 2021. Congress set aside approximately $76.6 billion between the Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan (ARP) to be allotted to the Educational Stabilization Fund through the Higher Education Emergency Relief Fund (HEERF).

Under CARES, the College received one grant comprised of two parts. Under the legislation, no less than 50 percent of the full grant was to be used for direct emergency aid to students. The remaining portion of the full grant could be used by institutions to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Institutions were given one calendar year, from the date of award in the HEERF Grant Award Notification, to complete the performance of the HEERF grant. Institutions may recognize the institutional portion of the grant to the extent the grant was expended on student emergency aid. The College elected to disburse the majority of the funds as student relief. The College received $1,149,294 of funding under CARES and recognized $574,647 of the student portion as government grants and contracts revenue and student services expense and $151,978 of the institutional portion as government grants and contracts revenue and student services expense as of June 30, 2020. As of June 30, 2021, the remaining $422,669 of the institutional portion of the grant was expended and recognized as government grants and contracts revenue. Of the CARES funding recognized in 2021, $321,875 was recognized as student services expense and $100,794 was used to defray COVID testing expenditures as of June 30, 2021. As restrictions were met in the same periods, respectively, the grants were reported as changes in net assets without donor restrictions.

Under CRRSAA, institutions received one grant comprised of two parts. Institutions were required to spend the student portion on student emergency aid as directed under CARES. The remaining portion was to be used to defray expenses associated with coronavirus. Institutions were given one calendar year, from the date of award in the HEERF Grant Award Notification, to complete the performance of the HEERF grant. Institutions may recognize the institutional portion of the grant proportionate to the amount expended on student emergency aid. The College was awarded $1,637,237 under CRRSAA. The College received $574,647 of student funding under CRRSAA and recognized $427,850 as government grants and contracts revenue and student emergency aid expense as of June 30, 2021. The institutional portion of the grant totaling $1,062,590 was recognized as government grants and contract revenue as of June 30, 2021. The institutional portion of the grant was used to defray COVID testing expenditures during fiscal year 2021. As restrictions were met in the same period, the grants were reported as changes in net assets without donor restrictions.

Under ARP, institutions received one grant comprised of two parts. Under the legislation, no less than 50 percent of the full grant is to be used for direct emergency aid to students. The remaining portion of the full grant is to be used to defray expenses associated with coronavirus, implement evidence-based practices to monitor and suppress coronavirus, and conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment based on a circumstance change. The College was awarded $2,899,039 and has not disbursed any of the ARP funds as of June 30, 2021, therefore no revenue or expense was recorded.

3. Accounts Receivable

Accounts receivable are as follows at June 30:

	2021	2020
Student	$ 54,957	$ 31,311
Employees	12,790	12,554
Research and development grants	169,189	138,542
Other	173,723	289,220
Total	410,659	471,627
Allowance for uncollectible receivables	(41,673)	(27,537)
Total accounts receivable, net	$ 368,986	$ 444,090

4. Pledges Receivable

The College records unconditional promises to give as pledges receivable. Pledges that were due beyond one year when initiated were discounted at discount rates that range from 0.09 percent to 2.07 percent at June 30:

	2021	2020
Less than one year	$ 1,521,862	$ 1,305,036
One to five years	1,603,058	1,671,038
More than five years	2,532,273	398,496
Total pledges, net of discount	5,657,193	3,374,570
Allowance for uncollectible pledges	(660,376)	(359,964)
Total pledges receivable, net	$ 4,996,817	$ 3,014,606

At June 30, 2021 and 2020, the unamortized discounts were $1,380,489 and $53,852, respectively.

5. Gift From the Abele Family Foundation, Inc.

On January 10, 2020, the College received a conditional gift from the Abele Family Foundation, Inc. (the Foundation). The purpose of the gift was to provide funding for the continuation and expansion of the Abele Scholars Program (the Scholars Program); continuation, enhancement and expansion of the Bear2Bear Fund (the B2B Fund); and naming provisions for the Commons.

The Foundation has agreed to provide assistance with funding the Scholars Program. The funds received would assist with scholarships, academic expenses, enrichment payments, pay-off of a portion of student loans, director and assistant director salaries and Scholar's program activities.

The gift includes conditions related to eligibility of applicants, minimum GPA requirements and enrollment status.

The total amount of the remaining gift will be recognized as the related conditions are met. Conditions are expected to be met as follows:

Years ending June 30:	
2022	$ 740,200
2023	873,400
2024	971,500
2025	971,500
2026	971,500
Thereafter*	5,502,200
Total	$ 10,030,300

* Includes gap and indirect funding of $470,400 and $1,344,000, respectively. Contributions of $595,168 and $421,060 were recognized in the years ended June 30, 2021 and 2020, respectively.

6. Student Loans Receivable

The College makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources.

Student loans consisted of the following at June 30:

	2021	2020
Federal government programs	$ 938,838	$ 1,212,838
Less allowance for doubtful accounts:		
Beginning of year	(215,626)	(236,023)
Decreases	7,987	20,397
Ending	(207,639)	(215,626)
Student loans receivable, net	$ 731,199	$ 997,212

The College participates in various federal revolving loan programs. The availability of funds for loans under these programs is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of $821,063 and $1,287,107 at June 30, 2021 and 2020, respectively, are ultimately refundable to the government and are classified as liabilities in the statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan.

The following amounts were past due under student loan programs at June 30:

2021				
Less Than 240 Days Past Due	**240 Days - 2 Years Past Due**	**2 - 5 Years Past Due**	**Over 5 Years Past Due**	**Total Past Due**
$ -	$ 73,778	$ 97,431	$ 187,305	$ 358,514

2020				
Less Than 240 Days Past Due	**240 Days - 2 Years Past Due**	**2 - 5 Years Past Due**	**Over 5 Years Past Due**	**Total Past Due**
$ -	$ 86,179	$ 125,948	$ 174,810	$ 386,937

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 loan balances are written off only when they are deemed to be permanently uncollectible. Amounts due under the Perkins Loan Program are guaranteed by the government and, therefore, no reserves are placed on any past-due balances under the program.

7. Investments and Fair Value Measurements

There are three levels of inputs that may be used to measure fair value:

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

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose primary values are observable.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following valuation techniques were used to measure fair value of assets in the table below on a recurring basis:

Cash and money market funds - Cash and money market funds are valued based on stated values. These funds are valued at Level 1.

U.S. government obligations - U.S. government securities are generally valued at the closing price reported in the active market in which the individual security is traded and are Level 1.

Mutual funds - Mutual funds, including equity, fixed income and international mutual funds, are valued at the closing price of the traded fund at the statements of financial position date. To the extent these mutual funds are actively traded, they are categorized in Level 1 of the fair value hierarchy. The College also has securities invested in Commonfund multi-strategy funds, which are categorized as Level 2 of the fair value hierarchy, as they are valued at the respective NAVs of the underlying investments on a monthly basis.

Commodities - Commodities funds, are traded on a national securities exchange. These funds are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, they are categorized in Level 1 of the fair value hierarchy.

Real estate fund - This fund invests in publicly traded securities of real estate companies. These investments are considered Level 1 as the underlying equities are publicly traded. The College also has securities invested in Commonfund multi-strategy funds, which are categorized as Level 2 of the fair value hierarchy, as they are valued at the respective NAVs of the underlying investments on a monthly basis.

Directly held real estate - The College holds real property recorded at cost. This investment is categorized in Level 3 of the fair value hierarchy. This is considered a Level 3 measurement because inputs reflect the College's own assumptions.

Other - These include an absolute return fund, life insurance policies that support donor charitable gift annuities held by the College and other investments held by the College.

Funds held in trust by others - The fair value is estimated using the College's percentage of the underlying assets, which approximates the present value of estimated future cash flows to be received from the trust and are considered Level 3 inputs. This is considered a Level 3 measurement because even through the measurement is based on the underlying fair value of the trust assets as reported by the trustees, the College will never receive those assets or have the ability to direct the trustees to redeem them. There were no transfers or purchases during the year.

Alternative investments - The College has a policy which permits investments that do not have a readily determinable fair value, and as such, has elected to use the NAV per share as calculated on the reporting entity's measurement date as the fair value of the investment. The College measures the fair value of an investment that does not have a readily determinable fair value, based on the NAV of the investment as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a value significantly different than the NAV. If the practical expedient NAV is not as of the College's measurement date, then the NAV is adjusted to reflect any significant events that would materially affect the value of the security and the NAV as of the valuation date. In using the NAV as practical expedient, certain attributes of the investment, that may impact the fair value of the investment, are not considered in measuring fair value. Attributes of those investments include the investment strategies of the investees and may also include, but are not limited to, restrictions on the investor's ability to redeem its investments at the measurement date of the NAV as well as any unfunded commitments. Investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the investments, at fair value presented in the statements of financial position.

For assets measured at fair value on a recurring basis, the fair value by level within the fair value hierarchy used are as follows at June 30, 2021:

	Fair Value Investment at June 30, 2021			Fair Value
	Level 1	**Level 2**	**Level 3**	**2021**
Investments:				
Cash and money market funds	$ 7,106,815	$ -	$ -	$ 7,106,815
U.S. government obligations	775,472	-	-	775,472
Fixed-income mutual funds	4,521,145	12,791,063	-	17,312,208
Fixed-income international mutual funds	63,026	-	-	63,026
Equity mutual funds	7,646,569	87,461,561	-	95,108,130
International equity mutual funds	2,328,665	-	-	2,328,665
Commodities funds	7,861,210	-	-	7,861,210
Real estate fund	5,252,019	6,527,702	-	11,779,721
Directly held real estate	-	-	566,469	566,469
Other investments	82,634	1,240,790	-	1,323,424
Funds held in trust by others (1)	-	-	12,419,688	12,419,688
Total investments in the fair value hierarchy	35,637,555	108,021,116	12,986,157	156,644,828
Private equity fund investments measured at NAV				13,479,467
Other investments measured at NAV				863,173
Investments measured at NAV				14,342,640
Total investments and funds held in trust by others	35,637,555	108,021,116	12,986,157	170,987,468
Deposits with bond trustee:				
U.S. government obligations	1,372,497	-	-	1,372,497
Total assets	$ 37,010,052	$ 108,021,116	$ 12,986,157	$ 172,359,965

(1) Included in funds held in trust by others (FHITBO) is a 50 percent share of a managed trust fund (equities and REITs), an irrevocable, charitable trust (mutual funds) and a total return trust (mutual funds and partnerships).

For assets measured at fair value on a recurring basis, the fair value by level within the fair value hierarchy used are as follows at June 30, 2020:

	Fair Value Investment at June 30, 2020			Fair Value
	Level 1	Level 2	Level 3	2020
Investments:				
Cash and money market funds	$ 11,045,069	$ -	$ -	$ 11,045,069
U.S. government obligations	618,182	-	-	618,182
Fixed-income mutual funds	4,086,335	14,680,861	-	18,767,196
Fixed-income international mutual funds	108,104	-	-	108,104
Equity mutual funds	6,325,585	76,908,164	-	83,233,749
International equity mutual funds	2,150,416	-	-	2,150,416
Commodities funds	16,189	6,776,211	-	6,792,400
Real estate fund	103,442	5,871,994	-	5,975,436
Directly held real estate	-	-	566,469	566,469
Other investments	66,926	818,162	-	885,088
Funds held in trust by others (1)	-	-	10,945,324	10,945,324
Total investments in the fair value hierarchy	24,520,248	105,055,392	11,511,793	141,087,433
Private equity fund investments measured at NAV				3,393,307
Other investments measured at NAV				806,497
Investments measured at NAV				4,199,804
Total investments and funds held in trust by others	24,520,248	105,055,392	11,511,793	145,287,237
Deposits with bond trustee:				
U.S. government obligations	1,372,338	-	-	1,372,338
Total assets	$ 25,892,586	$ 105,055,392	$ 11,511,793	$ 146,659,575

(1) Included in funds held in trust by others (FHITBO) is a 50 percent share of a managed trust fund (equities and REITs), an irrevocable, charitable trust (mutual funds) and a total return trust (mutual funds and partnerships).

All investments in the alternative investment category are valued at estimated fair value using the NAV per share as a practical expedient. A description of these investments, their liquidity and redemption features are as follows.

The objective of the private equity funds are to realize a long-term total return by investing in a diversified group of pooled investment vehicles. The funds may invest in any of the following strategies: venture, buyout, fund of funds and secondaries.

The special opportunities funds are permitted to make any and all types of investment that may present an attractive investment opportunity at that time.

The private equity distressed debt funds invest directly and indirectly in the securities of entities which are experiencing financial difficulties.

The hedge fund objective is to maximize risk-adjusted returns and achieve low correlation to the equity markets by investing in a diversified group of pooled investment vehicles.

Fair value measurements of investments in certain entities that calculate the NAV per share (or its equivalent) as of June 30, 2021 and 2020 are as follows:

	Fair Value at NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds	$ 13,479,467	$ 16,670,510	Illiquid	-
Special opportunities funds	648,737	378,717	Illiquid	-
Private equity distressed debt funds	214,436	379,526	Illiquid	-
Balance at June 30, 2021	$ 14,342,640	$ 17,428,753		
Private equity funds	$ 3,393,307	$ 9,087,598	Illiquid	-
Special opportunities funds	588,951	1,012,935	Illiquid	-
Private equity distressed debt funds	217,546	629,526	Illiquid	-
Balance at June 30, 2020	$ 4,199,804	$ 10,730,059		

Return on the College's cash and investments for the years ended June 30:

	2021	2020
Interest and dividends	$ 1,885,904	$ 2,940,676
Investment fees	(279,112)	(499,441)
Realized gains	3,648,405	18,134,503
Unrealized gains (losses)	32,073,790	(16,573,694)
Total	$ 37,328,987	$ 4,002,044

The total investment return for the College is shown in the statements of activities is as follows for the years ended June 30:

	2021	2020
Operating activities:		
Endowment funds used for operations	$ 11,304,208	$ 10,702,097
Other investment income, net	1,612,643	899,116
Net realized and unrealized gains	(85,177)	40,375
Nonoperating activities:		
Endowment funds provided to operations	(11,487,065)	(9,476,644)
Other investment income, net	177,006	316,666
Net realized and unrealized gains	35,807,372	1,520,434
	$ 37,328,987	$ 4,002,044

8. Land, Buildings and Equipment

The components of land, buildings and equipment are as follows at June 30:

	2021	2020
Nondepreciable assets, primarily land	$ 792,618	$ 792,618
Buildings and improvements	221,331,586	210,243,015
Furniture and equipment	13,706,171	12,822,240
Construction in progress	1,700,957	12,278,613
Total	237,531,332	236,136,486
Less accumulated depreciation	(97,401,966)	(91,811,303)
Land, buildings and equipment, net	$ 140,129,366	$ 144,325,183

Depreciation expense was $5,851,987 and $5,783,135 for the years ended June 30, 2021 and 2020, respectively.

9. Long-Term Debt

Total long-term debt consisted of the following at June 30:

	2021	2020
PHEFA College Revenue Bonds, Series of 2012	$ 12,435,000	$ 13,200,000
PHEFA College Revenue Bonds, Series of 2013	8,990,000	9,565,000
PHEFA College Revenue Bonds, Series of 2015	10,700,000	10,945,000
MCHEHA College Revenue Bonds, Series of 2016	13,100,000	13,100,000
MCHEHA College Revenue Bonds, Series of 2019	11,820,000	11,820,000
Sustainable Energy Fund Loan	1,133,637	1,243,442
Total	58,178,637	59,873,442
Plus unamortized bond premium	1,974,700	2,110,856
Less bond issuance costs	(947,608)	(1,007,700)
Long-term debt, net	$ 59,205,729	$ 60,976,598

The College's principal obligations for all long-term debt are due as follows:

Years ending June 30:	
2022	$ 1,764,279
2023	1,833,935
2024	1,908,780
2025	2,636,643
2026	1,930,000
Thereafter	48,105,000
Total	$ 58,178,637

PHEFA College Revenue Bonds, Series of 2012 (Ursinus College)

In May 2012, the College issued $18,865,000 of revenue bonds as an advanced refunding of a portion of the College's Pennsylvania Higher Educational Facilities Authority (PHEFA) Series 2003 revenue bonds. These serial bonds began repayment on January 1, 2013, with payments ranging from $765,000 to $1,245,000 and the final payment due January 1, 2033. Interest rates of these fixed rate revenue bonds range from 2.00 percent to 5.00 percent during the term of the bonds. In accordance with the bond issue, the College must follow the same financial covenants as stipulated with the College's 2003 Series bonds, which they are in compliance with for the years ended June 30, 2021 and 2020.

PHEFA College Revenue Bonds, Series of 2013 (Ursinus College)

In April 2013, the College issued $12,880,000 of revenue bonds as a current refunding of the remaining portion of the College's PHEFA Series 2003 revenue bonds. These serial bonds began repayment on January 1, 2014, with payments ranging from $575,000 to $940,000 and the final payment due January 1, 2033. Interest rates of these fixed rate revenue bonds range from 3.00 percent to 5.00 percent during the term of the bonds. In accordance with the bond issue, the College must follow the same financial covenants as stipulated with the College's 2003 Series bonds, which they are in compliance with for the years ended June 30, 2021 and 2020.

PHEFA College Revenue Bonds, Series of 2015 (Ursinus College)

In April 2015, the College issued $12,160,000 of revenue bonds as a current refunding of the remaining portion of the College's PHEFA Series 2006 revenue bonds. These serial bonds began repayment on January 1, 2016, with payments ranging from $245,000 to $2,660,000 and the final payment due January 1, 2036. Interest rates of these fixed rate revenue bonds range from 2.00 percent to 4.00 percent during the term of the bonds. In accordance with the bond issue, the College must follow the same financial covenants as stipulated with the College's 2006 Series bonds, which they are in compliance with for the years ended June 30, 2021 and 2020.

MCHEHA Revenue Bonds, Series of 2016 (Ursinus College)

In November 2016, the College issued $23,000,000 of Montgomery County Higher Education and Health Authority (MCHEHA) revenue bonds as a means of financing the construction of two major buildings on campus. In April 2019, the College issued $11,820,000 of MCHEHA revenue bonds as a current refunding of the callable portion of the College's PHEFA Series 2016 revenue bonds, which reduced the principal to $13,100,000. These serial bonds will begin principal repayment on November 1, 2036, with payments ranging from $1,605,000 to $2,165,000 and the final payment due November 1, 2042. Interest rates of these fixed rate revenue bonds range from 5.00 percent to 5.50 percent during the term of the bonds. In accordance with the bond issue, the College must follow the same financial covenants as stipulated with the College's existing PHEFA Series 2015 bonds, which they are in compliance with for the years ended June 30, 2021 and 2020.

MCHEHA Revenue Bonds, Series of 2019 (Ursinus College)

In April 2019, the College issued $11,820,000 MCHEHA revenue bonds as a current refunding of the callable portion of the College's PHEFA Series 2016 revenue bonds. These serial bonds will begin principal repayment on November 1, 2043, with payments ranging from $2,780,000 to $3,135,000 and the final payment due November 1, 2046. The interest rate of these fixed rate revenue bonds is 4.00 percent during the term of the bonds. In accordance with the bond issue, the College must follow the same financial covenants as stipulated with the College's existing PHEFA Series 2015 bonds, which they are in compliance with for the year ended June 30, 2021 and 2020.

Sustainable Energy Fund Loan (Ursinus College)

In March 2018, the College entered into a loan agreement in the amount of $1,296,722 with the Sustainable Energy Fund, a Pennsylvania not-for-profit corporation, to update and retrofit fluorescent and CFL bulbs with LED lamps in various locations on the College's campus. Loan advances are recorded as funds are drawn over the initial five year loan term. Outstanding loan advances accrue interest at 4.00 percent over the initial loan term. All loan advances were taken by June 30, 2020. Monthly interest and principal repayment commenced in January 2020 for a period of 59 months, with an option of a balloon payment or renewal term of installment payments for 60 additional months.

Line of Credit (Ursinus College Working Capital)

In March 2020, the College entered into a working capital line of credit in the amount of $5,000,000 with JP Morgan Chase Bank, which was renewed in March 2021 and matures on March 2022. Outstanding line advances accrue interest at 1.07 percent over the initial one year term. The average daily unused portion of the line accrues interest at 0.30 percent. Under the terms of the Agreement, the College is required to maintain a deposit account in the amount of $1,000,000. There is no outstanding balance, nor has the College drawn on the line, as of June 30, 2021.

Interest

Interest expense in 2021 and 2020 was $2,367,202 and $2,475,367, respectively. Additionally, the College has capitalized interest on borrowings during the construction period of two major capital projects. Capitalized interest is added to the cost of the underlying assets being constructed, and is amortized over the useful lives of the assets. For the years ended June 30, 2021 and 2020, the College capitalized interest costs of $25,592 and $76,536, respectively.

Collateral

The bond agreements contain certain restrictive covenants, which, among other restrictions require the pledge of certain revenues as collateral for repayment and the maintenance of a minimum level of aggregate expendable funds and a maximum level of debt service. In addition, the College is required to maintain deposits with an outside trustee for the purpose of meeting scheduled debt service requirements of the respective outstanding bonds until they become due. All outstanding bond issues are collateralized by a general interest in the College's revenue.

10. Net Assets

Net assets without donor restrictions are available for the following purposes as of June 30:

	2021	2020
Undesignated	$ 13,493,278	$ 2,325,509
Board-designated endowment, net of fees	18,900,765	16,173,435
Property and equipment, less debt	81,950,729	84,720,923
Total net assets without donor restrictions	$ 114,344,772	$ 103,219,867

Net assets with donor restrictions consisted of the following at June 30:

	2021	2020
Time restricted for future periods:		
Pledges	$ 3,328,269	$ 3,328,269
Annuity and life income funds	5,801,032	4,391,194
Purpose restricted:		
Unexpended gifts for instruction, scholarships and capital expenditures	5,580,921	6,766,449
Endowment, accumulated realized and unrealized investment gains unexpended for instruction, scholarships and capital expenditures	37,195,363	19,550,451
Restricted in perpetuity:		
Annuity and life income funds	2,323,627	2,280,367
Student loans	2,652,739	2,029,254
Endowment principal:		
General endowment	40,773,804	39,312,046
Scholarship and prizes	34,058,060	33,756,144
Endowed chairs	17,298,592	16,312,409
Pledges	803,757	660,300
Endowment, accumulated realized and unrealized investment gains	495,040	495,040
Total net assets with donor restrictions	$ 150,311,204	$ 128,881,923

11. Net Assets Released From Restrictions and Endowment Spending Rule

The composition of net assets released from restrictions on the statements of activities were as follows as of June 30:

	2021	2020
Net assets released from restrictions:		
Donor restrictions met	$ 4,500,554	$ 5,034,143
Endowment gains under spending rule (see Note 13)	11,487,065	9,476,644
Total net assets released from restrictions	$ 15,987,619	$ 14,510,787

The total used from endowment is composed of endowment investment interest and dividends, less fees and accumulated gains to the extent necessary to meet the approved spending rate. The composition of the total used is as follows as of June 30:

	2021	2020
Endowment funds (including funds functioning) used for operations:		
Endowment interest and dividends, net of fees	$ (182,857)	$ 1,225,453
Accumulated realized and unrealized investment gains	11,487,065	9,476,644
Total	$ 11,304,208	$ 10,702,097

12. Postretirement Benefit Plans

Emeriti Program

In July 2005, the College revised its postretirement healthcare program for other than existing retirees receiving benefits under the plan. The College joined Emeriti Retirement Health Solution, a consortium of colleges and universities organized to address retiree healthcare needs. The College deposits a set amount for each employee who is 40 years of age or older into a Voluntary Employee Benefits Associations account in the employee's name. Employees will have access to these funds to use for their postretirement healthcare needs. Because the College is prefunding retiree healthcare costs in a defined contribution account, it will have no future obligation for these costs when active employees retire. Current retirees' healthcare benefits will continue to be funded through the plan in place prior to June 30, 2005. Total College contributions to the Emeriti plan were $108,512 and $144,327 for the years ended June 30, 2021 and 2020, respectively.

Postretirement Benefits Other Than Pensions

The cost of postretirement benefits other than pensions included interest costs totaling $6,874 and $13,312 for the years ended June 30, 2021 and 2020, respectively.

The following schedules show the status of the postretirement medical and life insurance benefits plan for existing retirees, the components of the cost of postretirement benefits other than pensions and assumptions at June 30, 2021 and 2020:

Reconciliation of the funded status is as follows:

	2021	2020
Accumulated postretirement benefit obligation (APBO):		
Retirees	$ 379,403	$ 459,931
Active employees fully eligible	-	-
Active employees not yet fully eligible	-	-
Total	379,403	459,931
Fair value of plan assets	-	-
APBO in excess of plan assets	379,403	459,931
Unrecognized net gain	-	-
Total	$ 379,403	$ 459,931

The assumed healthcare cost trend rate for fiscal year 2021 is 5.5 percent, grading down to an ultimate level of 4.0 percent. Increasing the healthcare trend rate by 1 percent each year would increase the accumulated postretirement benefit obligation by $17,094 as of June 30, 2021, and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for the year by $381. Decreasing the healthcare trend rate by 1 percent each year would decrease the accumulated postretirement benefit obligation by $15,826 as of June 30, 2021, and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for the year by $326.

The discount rate used in determining the accumulated postretirement benefit obligation was 1.6 percent and 2.8 percent at June 30, 2021 and 2020, respectively.

The benefits paid under this plan were $55,042 and $60,199 for the years ended June 30, 2021 and 2020, respectively.

The College's expected future benefit payments for future service are as follows:

Years ending June 30:		
2022	$	50,682
2023		46,675
2024		42,705
2025		38,809
2026		34,986
2027-2031		123,086

Defined Contribution Plan

The College also has a defined contribution retirement plan for eligible faculty, administration and staff employees. The plan is fully funded, and participant interests are fully vested. Employees are required to contribute at least 4 percent of their annual base salary. The College's contributions, based on 7 percent of salaries in 2020 was $1,811,414. The College suspended the 7 percent contribution and the 4 percent employee contribution requirement for fiscal year 2021. The College's contributions of $13,460 in fiscal year 2021 were true-up amounts for calendar year 2020.

13. Endowments

The College's endowment consists of 1,133 individual funds, including annuity funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The College has interpreted relevant state law 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. As a result of this interpretation, the College classifies as donor-restricted net assets the original value of gifts donated to the donor-restricted endowment and accumulations to the endowment in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund and including investment return on those amounts.

Pennsylvania law permits the Board of Trustees to make an election to annually appropriate for expenditure a selected percentage between 2 percent and 7 percent of the fair value of the assets related to donor-restricted endowment funds averaged over a period of three or more preceding years, provided the Board has determined that such percentage is consistent with the long-term preservation of the real value of such assets.

On July 23, 2020, Pennsylvania law enabled not-for-profit organizations to spend its endowed funds at a rate no greater than 10 percent per year for fiscal years ended or ending in 2020, 2021 and 2022, based on a three-year rolling average market value of the underlying funds.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period, as well as Board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to achieve a long-term total return on the endowment assets that exceeds spending rate of the endowment and inflation, so as to preserve for perpetuity the real, inflation adjusted, purchasing power of the assets. The College expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from that amount.

Spending Policy

In accordance with state law, net realized and unrealized gains on restricted investments are included as net assets with donor restrictions, even absent donor restrictions on the use of gains. Commonwealth of Pennsylvania law permits the College to adopt a spending policy for endowment earnings, subject to certain limitations. The College follows the total return concept of endowment investment and spending. Under this concept, a prudent amount of appreciation earned on the investments may be spent in the event that the interest and dividends earned are insufficient to meet that period's spending rate. The College's spending rate is annually approved by the Board of Trustees. For the years ended June 30, 2021 and 2020, the rate was 5.75 percent plus an additional spending of approximately $1,500,000, for a total of 7 percent, respectively, of the 20 quarter moving average market value of the pooled endowment.

On September 23, 2020, the Board of Trustees approved an increased spending rate of up to 10 percent for the year ended June 30, 2020, as enabled by Pennsylvania law, to create capital vital to the College's mission. On October 1, 2021, the Board of Trustees approved an increased spending rate of up to 10 percent for the year ended June 30, 2021.

Funds With Deficiencies

From time to time, certain donor-restricted endowment funds may have fair value less than the amount required to be maintained by donors or by law. At June 30, 2021, no donor-restricted funds were reported with deficiencies in net assets with donor restrictions. At June 30, 2020, 91 donor-restricted funds with original gift values of $17,829,518, fair values of $17,217,871 and deficiencies of $611,647 were reported in net assets with donor restrictions. Management has interpreted state law to permit prudent spending from underwater endowments.

Changes in endowment net assets are as follows for the year ended June 30:

	2021		
	Board-Designated	**With Donor Restrictions**	**Total**
Endowment net assets, beginning	$ 16,173,435	$ 117,926,936	$ 134,100,371
Investment return, net	3,300,737	31,851,663	35,152,400
Gift of new annuity	-	22,220	22,220
Contributions	166,591	1,507,179	1,673,770
Actuarial loss on annuity liabilities	-	(31,155)	(31,155)
Appropriation of endowment assets for expenditure	(799,377)	(10,504,831)	(11,304,208)
Additional appropriation of endowment assets distributed	(351,021)	(2,200,000)	(2,551,021)
Additional appropriation of endowment assets authorized not yet distributed	410,400	2,589,600	3,000,000
Net assets released from restrictions	-	(639,653)	(639,653)
Other changes	-	(429,139)	(429,139)
Endowment net assets, ending	$ 18,900,765	$ 140,092,820	$ 158,993,585

Changes in endowment net assets are as follows for the year ended June 30:

	2020		
	Board-Designated	**With Donor Restrictions**	**Total**
Endowment net assets, beginning	$ 15,911,887	$ 121,971,589	$ 137,883,476
Investment return, net	372,937	2,830,775	3,203,712
Gift of new annuity	-	51,627	51,627
Contributions	847,476	822,324	1,669,800
Actuarial loss on annuity liabilities	-	(124,540)	(124,540)
Operating appropriation of endowment assets for expenditure	(113,327)	(1,112,126)	(1,225,453)
Nonoperating appropriation of endowment assets for expenditure	(1,292,460)	(8,184,184)	(9,476,644)
Additional appropriation of endowment assets authorized not yet distributed	351,021	2,200,000	2,551,021
Net assets released from restrictions	-	(427,214)	(427,214)
Other changes	95,901	(101,315)	(5,414)
Endowment net assets, ending	$ 16,173,435	$ 117,926,936	$ 134,100,371

14. Expenses by Both Nature and Function

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. These expenses include depreciation and amortization, interest, employee benefits and facilities operation and maintenance. Depreciation is allocated based on square footage. Operations, maintenance and interest is allocated based on usage of space. Costs of other categories were allocated on estimates of time and effort. Expenses by both nature and function as of June 30 are as follows:

	Program Services					Supporting Services		
	Instruction	Research	Public Service	Student Services	Auxiliary Enterprises	Academic Support	Management and General	2021 Total
Salaries	$ 14,178,917	$ 239,427	$ 136,863	$ 4,936,473	$ 49,540	$ 2,261,615	$ 6,730,431	$ 28,533,266
Employee benefits	2,885,992	15,947	41,272	1,304,775	274,891	522,790	1,582,761	6,628,428
Depreciation and amortization	1,758,425	-	138,458	746,248	2,223,030	334,212	651,615	5,851,988
Interest	1,444,648	-	14,166	479,157	214,238	195,240	19,753	2,367,202
Occupancy, utilities and maintenance	3,895,748	-	-	23,143	-	28,339	100,599	4,047,829
Services, supplies and other	2,575,303	107,765	264,410	1,995,661	6,096,387	1,431,071	5,119,023	17,589,620
	26,739,033	363,139	595,169	9,485,457	8,858,086	4,773,267	14,204,182	65,018,333
Allocation	(5,825,476)	-	242,747	1,115,615	3,671,143	516,808	279,163	-
	$ 20,913,557	$ 363,139	$ 837,916	$ 10,601,072	$ 12,529,229	$ 5,290,075	$ 14,483,345	$ 65,018,333

	Program Services					Supporting Services		
	Instruction	Research	Public Service	Student Services	Auxiliary Enterprises	Academic Support	Management and General	2020 Total
Salaries	$ 13,893,604	$ 204,972	$ 265,909	$ 4,965,403	$ 75,382	$ 2,422,131	$ 7,201,926	$ 29,029,327
Employee benefits	3,552,760	9,945	86,946	1,586,871	429,814	708,684	2,277,409	8,652,429
Depreciation and amortization	1,718,730	-	135,973	730,680	2,189,974	326,092	681,686	5,783,135
Interest	1,484,131	-	18,080	497,759	257,590	194,769	23,038	2,475,367
Occupancy, utilities and maintenance	4,012,118	-	-	24,959	-	917	263,108	4,301,102
Services, supplies and other	2,406,849	5,257	217,898	2,949,261	4,742,567	2,748,251	5,696,212	18,766,295
	27,068,192	220,174	724,806	10,754,933	7,695,327	6,400,844	16,143,379	69,007,655
Allocation	(5,595,321)	-	233,157	1,071,539	3,526,102	496,390	268,133	-
	$ 21,472,871	$ 220,174	$ 957,963	$ 11,826,472	$ 11,221,429	$ 6,897,234	$ 16,411,512	$ 69,007,655

15. Liquidity and Availability of Resources

The College's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2021	2020
Cash and cash equivalents without donor restrictions	$ 6,554,103	$ 2,104,827
Accounts receivable	368,986	444,090
Additional appropriation of endowment assets authorized not yet received	3,000,000	2,551,021
Short-term investments	3,607,176	2,397,035
Financial assets available to meet cash needs for general expenditures within one year	$ 13,530,265	$ 7,496,973

The College's endowment funds consist of donor-restricted endowments and a Board-designated endowment. Income from donor-restricted endowments, not restricted for specific purposes, is available for general expenditure. Annually the College can appropriate up to 7 percent of the endowment, based on a 20 quarter rolling average, at the end of the fiscal year. On July 23, 2020, Pennsylvania law enabled not-for-profit organizations to spend its endowed funds at a rate no greater than 10 percent per year for fiscal years ended or ending in 2020, 2021 and 2022, based on a three-year rolling average market value of the underlying funds. The College plans to appropriate $8,102,852 (7 percent) from the endowment within the next 12 months. The Board of Trustees will consider an additional appropriation for 2022, if necessary.

As part of the College's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity-need, the College could draw upon $5,000,000 from an available line of credit. In addition, the College has a Board-designated endowment of $18,912,119 and $16,077,534 at June 30, 2021 and 2020, respectively. Although the College does not intend to spend from its Board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the College's Board-designated endowment could be made available if necessary. However, both the Board-designated endowment and donor-restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available.

16. Commitments and Contingencies

The College is party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect the College's financial position.

17. Concentrations of Credit Risk and Title IV Requirements

During the years ended June 30, 2021 and 2020, the College maintained cash balances at high credit quality financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation. Depository balances at year-end exceed the insured limits.

Amounts received and expended by the College under various federal and state programs are subject to audit by governmental entities. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position of the College.

The College participates in Government Student Financial Assistance Programs (Title IV) administered by ED for the payment of student tuition. Portions of the revenue and collection of accounts receivable as of June 30, 2021 and 2020 are dependent upon the College's continued participation in the Title IV programs.

Institutions participating in Title IV programs are also required by ED to demonstrate financial responsibility. ED determines an institution's financial responsibility through the calculation of a composite score based upon certain financial ratios as defined in regulations. Institutions receiving a composite score of 1.5 or greater are considered fully financially responsible. Institutions receiving a composite score between 1.0 and 1.5 are subject to additional monitoring and institutions receiving a score below 1.0 are required to submit financial guarantees in order to continue participation in the Title IV programs. As of June 30, 2021 and 2020, and for the years then ended, the College's composite score exceeded 1.5.

18. Subsequent Events

In connection with the preparation of the financial statements, the College evaluated subsequent events after the statements of financial position date of June 30, 2021 through November 24, 2021, which is the date the financial statements were issued. The College is not aware of any subsequent events that would require recognition or disclosure in the financial statements.