Ursinus College

Financial Statements

June 30, 2022 and 2021

Independent Auditors' Report

To the Board of Trustees of
Ursinus College

Opinion

We have audited the financial statements of Ursinus College (the College), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2022 and 2021, 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 were 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

Philadelphia, Pennsylvania
October 31, 2022

Ursinus College

Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 16,433,215	$ 7,554,556
Accounts receivable, net	919,992	368,986
Prepaid expenses	1,251,894	1,287,107
Pledges receivable, net	2,926,118	4,996,817
Student loans receivable, net	582,182	731,199
Deposits with bond trustee	874,289	1,372,497
Investments and funds held in trust by others	145,026,223	170,987,468
Land, buildings and equipment, net	137,069,838	140,129,366
Collections	9,653,771	9,646,368
Other assets	721,091	721,150
Total assets	$ 315,458,613	$ 337,795,514
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 2,053,245	$ 2,399,916
Accrued payroll	1,865,295	1,795,396
Deferred revenues	403,298	137,017
Refundable deposits	885,007	859,689
Postretirement obligations	256,007	379,403
Annuities payable	5,316,578	5,512,505
Conditional asset retirement obligations	2,072,120	2,028,820
Long-term debt, net	56,712,975	59,205,729
U.S. government grants refundable	610,313	821,063
Total liabilities	70,174,838	73,139,538
Net Assets		
Without donor restrictions	115,269,314	114,344,772
With donor restrictions	130,014,461	150,311,204
Total net assets	245,283,775	264,655,976
Total liabilities and net assets	$ 315,458,613	$ 337,795,514

See notes to financial statements

Ursinus College

Statements of Activities
Year Ended June 30, 2022 (With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total (Summarized)
Operating Revenue				
Tuition and fees (net of student aid $54,082,567 in 2022 and $50,649,621 in 2021)	$ 30,539,924	$ -	$ 30,539,924	$ 30,352,162
Room and board	19,226,944	-	19,226,944	15,087,615
Contributions	5,953,062	993,379	6,946,441	8,917,752
Contributions of nonfinancial assets	52,071	7,069	59,140	74,648
Government grants and contracts	4,907,571	120,317	5,027,888	3,426,689
Endowment funds used for operations	8,197,790	100,081	8,297,871	11,304,208
Other investment income, net	626,725	2,973	629,698	1,612,643
Other auxiliary enterprises	14,837	-	14,837	16,366
Other income	1,528,489	-	1,528,489	739,318
Net realized and unrealized losses	(166,033)	-	(166,033)	(85,177)
Net assets released from restrictions	2,961,251	(2,961,251)	-	-
Total operating revenue	73,842,631	(1,737,432)	72,105,199	71,446,224
Operating Expenses				
Program services:				
Instruction	22,111,604	-	22,111,604	20,913,557
Research	530,497	-	530,497	363,139
Public service	1,036,042	-	1,036,042	837,916
Student services	13,592,123	-	13,592,123	10,601,072
Auxiliary enterprises	13,465,884	-	13,465,884	12,529,229
Total program services	50,736,150	-	50,736,150	45,244,913
Supporting services:				
Academic support	6,338,661	-	6,338,661	5,290,075
Management and general	15,348,182	-	15,348,182	14,483,345
Total supporting services	21,686,843	-	21,686,843	19,773,420
Total operating expenses	72,422,993	-	72,422,993	65,018,333
Change in net assets from operations	1,419,638	(1,737,432)	(317,794)	6,427,891
Nonoperating Activities				
Contributions	1,542,671	52,521	1,595,192	1,494,345
Contributions of nonfinancial assets	22,903	1,200,000	1,222,903	563,925
Other investment income, net	33,502	177,112	210,614	177,006
Net realized and unrealized (losses) gains	(2,283,152)	(11,305,771)	(13,588,923)	35,807,372
Endowment funds provided to operations	(8,524,616)	-	(8,524,616)	(11,487,065)
Gain on bond refinancing	291,951	-	291,951	-
Actuarial loss on annuities payable	-	(114,640)	(114,640)	(31,155)
Other expenses	(146,888)	-	(146,888)	(398,133)
Net assets released from restrictions	8,568,533	(8,568,533)	-	-
Change in net assets from nonoperating activities	(495,096)	(18,559,311)	(19,054,407)	26,126,295
Change in net assets	924,542	(20,296,743)	(19,372,201)	32,554,186
Net Assets, Beginning	114,344,772	150,311,204	264,655,976	232,101,790
Net Assets, Ending	$ 115,269,314	$ 130,014,461	$ 245,283,775	$ 264,655,976

See notes to financial statements

Ursinus College

Statements of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Tuition and fees (net of student aid of $50,649,621)	$ 30,352,162	$ -	$ 30,352,162
Room and board	15,087,615	-	15,087,615
Contributions	5,378,285	3,539,467	8,917,752
Contributions of nonfinancial assets	46,526	28,122	74,648
Government grants and contracts	3,424,759	1,930	3,426,689
Endowment funds used for operations	11,202,940	101,268	11,304,208
Other investment income, net	1,609,688	2,955	1,612,643
Other auxiliary enterprises	16,366	-	16,366
Other income	739,318	-	739,318
Net realized and unrealized losses	(85,177)	-	(85,177)
Net assets released from restrictions	4,843,136	(4,843,136)	-
Total operating revenue	72,615,618	(1,169,394)	71,446,224
Operating Expenses			
Program services:			
Instruction	20,913,557	-	20,913,557
Research	363,139	-	363,139
Public service	837,916	-	837,916
Student services	10,601,072	-	10,601,072
Auxiliary enterprises	12,529,229	-	12,529,229
Total program services	45,244,913	-	45,244,913
Supporting services:			
Academic support	5,290,075	-	5,290,075
Management and general	14,483,345	-	14,483,345
Total supporting services	19,773,420	-	19,773,420
Total operating expenses	65,018,333	-	65,018,333
Change in net assets from operations	7,597,285	(1,169,394)	6,427,891
Nonoperating Activities			
Contributions	161,088	1,333,257	1,494,345
Contributions of nonfinancial assets	563,925	-	563,925
Other investment income, net	41,458	135,548	177,006
Net realized and unrealized gains	3,501,864	32,305,508	35,807,372
Endowment funds provided to operations	(11,487,065)	-	(11,487,065)
Actuarial loss on annuities payable	-	(31,155)	(31,155)
Other expenses	(398,133)	-	(398,133)
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
Change in net assets	11,124,905	21,429,281	32,554,186
Net Assets, Beginning	103,219,867	128,881,923	232,101,790
Net Assets, Ending	$ 114,344,772	$ 150,311,204	$ 264,655,976

See notes to financial statements

Ursinus College

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ (19,372,201)	$ 32,554,186
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debts	15,769	15,582
Depreciation	5,846,196	5,851,987
Accretion of asset retirement obligations	43,300	44,165
Net realized and unrealized losses (gains)	13,754,956	(35,722,195)
Bond premium amortization	(136,156)	(136,156)
Amortization of bond issuance costs	60,093	60,092
Gain on bond refinancing	(291,951)	-
Actuarial loss on annuities payable	114,640	31,155
Gift in-kind contributions of property and collections	(22,903)	(589,094)
Contributions restricted for long-term investment and annuity contracts	(1,252,521)	(1,333,257)
Changes in assets and liabilities:		
Accounts receivable	(566,775)	59,522
Prepaid expenses	35,213	(592,958)
Pledges receivable	2,323,475	(1,195,022)
Other assets	59	49,773
Accounts payable and accrued expenses	(440,094)	(350,997)
Accrued payroll	69,899	109,687
Deferred revenues	266,281	(1,669,196)
Refundable deposits	25,318	8,076
Postretirement obligations	(123,396)	(80,528)
U.S. government grants refundable	(210,750)	(466,044)
Net cash provided by (used in) operating activities	138,452	(3,351,222)
Cash Flows From Investing Activities		
Purchases of property and equipment	(2,670,342)	(1,050,126)
Purchases of collections	(7,403)	(563,925)
Purchases of investments	(44,695,593)	(73,433,138)
Proceeds from sales of investments	56,922,087	83,899,615
Payments on student loans receivable	149,017	266,013
Net cash provided by investing activities	9,697,766	9,118,439
Cash Flows From Financing Activities		
Contributions received restricted for long-term investment	999,745	546,068
Contributions received restricted for investments in annuity contracts	28,594	70,000
Proceeds from issuance of long-term debt	10,672,501	-
Payments on long-term debt	(12,579,279)	(1,694,805)
Payment of financing costs	(217,962)	-
Payments to annuitants	(359,366)	(238,591)
Net cash used in financing activities	(1,455,767)	(1,317,328)
Net increase in cash and cash equivalents and restricted cash	8,380,451	4,449,889
Cash and Cash Equivalents and Restricted Cash, Beginning	8,927,053	4,477,164
Cash and Cash Equivalents and Restricted Cash, Ending	$ 17,307,504	$ 8,927,053
Supplemental Disclosures		
Cash paid for interest	$ 2,570,400	$ 2,553,132
Construction related payables	$ 110,373	$ 16,950
Reconciliation of Cash and Cash Equivalents and Restricted Cash		
Cash and cash equivalents	$ 16,433,215	$ 7,554,556
Deposits with bond trustee	874,289	1,372,497
Total cash and cash equivalents and restricted cash	$ 17,307,504	$ 8,927,053

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 arts education. At the start of the 2021-2022 academic year, the College enrolled 1,539 full-time-equivalent day students from 32 states and 8 countries, of which approximately 91% 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 1.7% 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, 2021	Refunds Issued	Revenue Recognized in 2022 Included June 30, 2021 Balance	Cash Received in Advance of Performance	Balance at June 30, 2022
$ 88,684	$ -	$ 88,684	$ 354,964	$ 354,964

The balance of deferred revenues at June 30, 2022, 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, 2022 and 2021, 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, 2022, 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 14).

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 $3,768,544 and $2,603,074 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021.

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, 2022. The College added $7,403 and $563,925 to the collections for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 is $1,386,451 and $1,632,716, 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

During 2022, the College adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) 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. The College has adjusted the presentation of the financial statements accordingly. ASU No. 2020-07 has been applied retrospectively to all periods presented.

As a result of ASU No. 2020-07, the statement of activities of the College for the year ended June 30, 2021, was adjusted as follows:

	After Adoption of ASU No. 2020-07	As Originally Presented	Effect of Change
Operating revenue:			
Contributions	$ 8,917,752	$ 8,992,400	$ (74,648)
Contributions of nonfinancial assets	74,648	-	74,648
Nonoperating activities:			
Contributions	$ 1,494,345	$ 2,058,270	$ (563,925)
Contributions of nonfinancial assets	563,925	-	563,925

New Accounting Standards Not Yet Adopted

During March 2020, FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU No. 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. Entities may elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2022. The College is currently assessing the effect that ASU No. 2020-04 will have on its financial statements.

Reclassifications

Certain 2021 amounts have been reclassified to conform to the 2022 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. The Board of Trustees and the College's management continue to monitor the outbreak and potential financial impact.

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% 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 of June 30, 2022, the remaining $146,797 of the student portion was expended and recognized as government grants and contracts revenue and as student services expense. 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% 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 under ARP. The College received $1,449,520 in student funding under ARP and recognized $1,305,520 as government grants and contracts revenue and student emergency aid expense as of June 30, 2022. The College received $1,449,519 in institutional funding and recognized $1,305,520 as government grants and contracts revenue for institutional funding. The institutional portion of the grant was used to implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines, provide or subsidize mental health resources for students who are experiencing additional mental health needs as a result of the COVID-19 pandemic, and replace lost revenue.

3. Accounts Receivable

Accounts receivable are as follows at June 30:

	2022	2021
Student	$ 52,594	$ 54,957
Employees	15,478	12,790
Research and development grants	388,520	169,189
Other	502,287	173,723
Total	958,879	410,659
Allowance for uncollectible receivables	(38,887)	(41,673)
Total accounts receivable, net	$ 919,992	$ 368,986

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 2.79% and 3.11% at June 30:

	2022	2021
Less than one year	$ 1,592,966	$ 1,521,862
One to five years	1,610,342	1,533,146
More than five years	281,723	2,602,185
Total pledges, net of discount	3,485,031	5,657,193
Allowance for uncollectible pledges	(558,913)	(660,376)
Total pledges receivable, net	$ 2,926,118	$ 4,996,817

At June 30, 2022 and 2021, the unamortized discounts were $240,984 and $1,380,489, 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:	
2023	$ 873,400
2024	971,500
2025	971,500
2026	971,500
2027	971,500
Thereafter*	4,530,700
Total	$ 9,290,100

* Includes gap and indirect funding of $470,400 and $1,344,000, respectively. Contributions of $579,005 and $595,168 were recognized in the years ended June 30, 2022 and 2021, 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:

	2022	2021
Federal government programs	$ 777,762	$ 938,838
Less allowance for doubtful accounts:		
Beginning of year	(207,639)	(215,626)
Decreases	12,059	7,987
Ending	(195,580)	(207,639)
Student loans receivable, net	$ 582,182	$ 731,199

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 $610,313 and $821,063 at June 30, 2022 and 2021, 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:

2022				
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**
$ -	$ 45,712	$ 121,609	$ 164,464	$ 331,785

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

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. Property acquired in 2022 is recorded at cost. Property acquired in prior fiscal years is recorded at the appraised market value. 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, 2022:

	Fair Value Investment at June 30, 2022			Fair Value
	Level 1	**Level 2**	**Level 3**	**2022**
Investments:				
Cash and money market funds	$ 7,512,706	$ -	$ -	$ 7,512,706
U.S. government obligations	718,800	-	-	718,800
Fixed-income mutual funds	3,468,191	10,858,064	-	14,326,255
Fixed-income international mutual funds	53,732	-	-	53,732
Equity mutual funds	5,432,747	69,267,649	-	74,700,396
International equity mutual funds	1,653,428	-	-	1,653,428
Commodities funds	5,796,915	-	-	5,796,915
Real estate fund	6,765,527	3,560,269	-	10,325,796
Directly held real estate	-	-	2,781,986	2,781,986
Other investments	74,792	929,738	-	1,004,530
Funds held in trust by others (1)	-	-	9,999,118	9,999,118
Total investments in the fair value hierarchy	31,476,838	84,615,720	12,781,104	128,873,662
Private equity fund investments measured at NAV				15,368,545
Other investments measured at NAV				784,016
Investments measured at NAV				16,152,561
Total investments and funds held in trust by others	31,476,838	84,615,720	12,781,104	145,026,223
Deposits with bond trustee:				
U.S. government obligations	874,289	-	-	874,289
Total assets	$ 32,351,127	$ 84,615,720	$ 12,781,104	$ 145,900,512

(1) Included in funds held in trust by others (FHITBO) is a 50% 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, 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% 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, 2022 and 2021 are as follows:

	Fair Value at NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds	$ 15,368,545	$ 20,549,000	Illiquid	-
Special opportunities funds	526,483	784,675	Illiquid	-
Private equity distressed debt funds	257,533	629,526	Illiquid	-
Balance at June 30, 2022	$ 16,152,561	$ 21,963,201		
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		

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

	2022	2021
Interest and dividends	$ 976,380	$ 1,885,904
Investment fees	(362,812)	(279,112)
Realized gains	5,062,317	3,648,405
Unrealized gains (losses)	(18,817,273)	32,073,790
Total investment return (losses), net	$ (13,141,388)	$ 37,328,987

Investment return (losses), net for the College is shown in the statements of activities is as follows for the years ended June 30:

	2022	2021
Operating activities:		
Endowment funds used for operations	$ 8,297,872	$ 11,304,208
Other investment income, net	629,698	1,612,643
Net realized and unrealized losses	(166,033)	(85,177)
Nonoperating activities:		
Endowment funds provided to operations	(8,524,616)	(11,487,065)
Other investment income, net	210,614	177,006
Net realized and unrealized (losses) gains	(13,588,923)	35,807,372
	$ (13,141,388)	$ 37,328,987

8. Land, Buildings and Equipment

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

	2022	2021
Nondepreciable assets, primarily land	$ 792,618	$ 792,618
Buildings and improvements	223,451,492	221,331,586
Furniture and equipment	14,798,968	13,706,171
Construction in progress	1,263,847	1,700,957
Total	240,306,925	237,531,332
Less accumulated depreciation	(103,237,087)	(97,401,966)
Land, buildings and equipment, net	$ 137,069,838	$ 140,129,366

9. Long-Term Debt

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

	2022	2021
PHEFA College Revenue Bonds, Series of 2012	$ 830,000	$ 12,435,000
PHEFA College Revenue Bonds, Series of 2013	8,385,000	8,990,000
PHEFA College Revenue Bonds, Series of 2015	10,445,000	10,700,000
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
PHEFA College Revenue Bonds, Series A of 2022	9,040,000	-
PHEFA College Revenue Bonds, Series B of 2022	890,000	-
Sustainable Energy Fund Loan	1,019,358	1,133,637
Total	55,529,358	58,178,637
Plus unamortized bond premium	2,143,361	1,974,700
Less bond issuance costs	(959,744)	(947,608)
Long-term debt, net	$ 56,712,975	$ 59,205,729

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

Years ending June 30:	
2023	$ 2,118,935
2024	1,333,780
2025	2,031,643
2026	1,920,000
2027	2,015,000
Thereafter	46,110,000
Total	$ 55,529,358

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% to 5.00% 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, 2022 and 2021. In April 2022, the College issued $9,040,000 PHEFA revenue bonds as a current refunding of $10,815,000 of the College's PHEFA Series 2012 revenue bonds, which reduced the principal to $830,000. These serial bonds will have a final principal repayment due on January 1, 2023 of $830,000. This payment will be made from the proceeds of the Series B 2022 Bonds.

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% to 5.00% 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, 2022 and 2021.

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% to 4.00% 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, 2022 and 2021.

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% to 5.50% 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, 2022 and 2021.

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% 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, 2022 and 2021.

PHEFA College Revenue Bonds, Series A of 2022 (Ursinus College)

In April 2022, the College issued $9,040,000 PHEFA revenue bonds as a current refunding of a portion of the College's PHEFA Series 2012 revenue bonds. These serial bonds will begin principal repayment on November 1, 2025, with payments ranging from $950,000 to $1,285,000 and the final payment due on November 1, 2032. The interest rate of these fixed rate revenue bonds is 5.00% 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 2012, bonds, which they are in compliance with for the year ended June 30, 2022 and 2021.

PHEFA College Revenue Bonds, Series B of 2022 (Ursinus College)

In April 2022, the College issued $890,000 PHEFA revenue bonds as a current refunding of a portion of the College's PHEFA Series 2012 revenue bonds. A portion of the proceeds were deposited under an escrow deposit agreement to be applied to the payment of the principal and interest due on the 2012 bonds. Mandatory sinking fund payments will begin on November 1, 2022, with payments ranging from $285,000 to $310,000. These serial bonds will mature on November 1, 2024. The interest rate of these fixed rate revenue bonds is 3.70% 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 2012, bonds, which they are in compliance with for the year ended June 30, 2022 and 2021.

As a result of the refunding, a gain in the amount of $291,951 was recognized in the nonoperating section of the statement of activities for the year ended June 30, 2022. In addition, as a result of the refunding, the College reduced its total debt service requirements by approximately $1,594,000, which resulted in an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of approximately $670,000.

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% 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 2022 and matures on March 20, 2023. Outstanding line advances accrue interest at the Adjusted Term Secured Overnight Financing Rate (SOFR) plus 0.9%. The average daily unused portion of the line accrues interest at 0.20%. 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, 2022.

Interest

Interest expense in 2022 and 2021 was $2,303,112 and $2,367,202, 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, 2022 and 2021, the College capitalized interest costs of $39,835 and $25,592, 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:

	2022	2021
Undesignated	$ 16,371,246	$ 13,493,278
Board-designated endowment, net of fees	17,357,588	18,900,765
Property and equipment, less debt	81,540,480	81,950,729
Total net assets without donor restrictions	$ 115,269,314	$ 114,344,772

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

	2022	2021
Time restricted for future periods:		
Pledges	$ 3,328,269	$ 3,328,269
Annuity and life income funds	4,381,063	5,801,032
Purpose restricted:		
Unexpended gifts for instruction, scholarships and capital expenditures	2,303,717	5,580,921
Endowment, accumulated realized and unrealized investment gains unexpended for instruction, scholarships and capital expenditures	21,961,247	37,195,363
Restricted in perpetuity:		
Annuity and life income funds	1,267,061	2,323,627
Student loans	2,303,492	2,652,739
Endowment principal:		
General endowment	39,525,237	40,773,804
Scholarship and prizes	35,873,533	34,058,060
Endowed chairs	17,894,041	17,298,592
Pledges	681,761	803,757
Endowment, accumulated realized and unrealized investment gains	495,040	495,040
Total net assets with donor restrictions	$ 130,014,461	$ 150,311,204

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:

	2022	2021
Net assets released from restrictions:		
Donor restrictions satisfied	$ 3,005,168	$ 4,500,554
Endowment gains under spending rule (see Note 14)	8,524,616	11,487,065
Total net assets released from restrictions	$ 11,529,784	$ 15,987,619

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:

	2022	2021
Endowment funds (including funds functioning) used for operations:		
Endowment interest and dividends, net of fees	$ (226,744)	$ (182,857)
Accumulated realized and unrealized investment gains	8,524,616	11,487,065
Total	$ 8,297,872	$ 11,304,208

12. Contributed Nonfinancial Assets

At June 30, 2022 and June 30, 2021, contributed nonfinancial assets recognized within the statement of activities included:

	2022	2021
Building	$ 1,200,000	$ -
Artwork and collections	7,403	563,925
Other	74,640	74,648
Total	$ 1,282,043	$ 638,573

The College recognized contributed nonfinancial assets within revenue, including a contributed building, items donated for a charity auction, clothing, food, household goods and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

It is the College's policy to sell gifted properties as soon after acquisition as possible, absent a compelling reason to retain the property. The contributed building was to fund a charitable unitrust and will be held until the termination of the unitrust period. The donation of the building was reported as net assets with donor restrictions in the statement of activities.

Other contributed nonfinancial assets include contributed art, food, clothing, and services. Fair market value for gifts of art is determined by independent appraisals. Contributed services include photography services, psychology services, and facility repairs. Contributed food, clothing and gift cards were utilized at fundraising events. The College estimated the fair market value as substantiated by a receipt or proof of cost. Contributed services are valued and reported at the estimated fair market value in the financial statements based on the fair market value as substantiated by a receipt or proof of cost.

13. 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 $132,132 and $108,512 for the years ended June 30, 2022 and 2021, respectively.

Postretirement Benefits Other Than Pensions

The cost of postretirement benefits other than pensions included interest costs totaling $6,335 and $6,874 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021:

Reconciliation of the funded status is as follows:

	2022	2021
Accumulated postretirement benefit obligation (APBO):		
Retirees	$ 256,007	$ 379,403
Active employees fully eligible	-	-
Active employees not yet fully eligible	-	-
Total	256,007	379,403
Fair value of plan assets	-	-
APBO in excess of plan assets	256,007	379,403
Unrecognized net gain	-	-
Total	$ 256,007	$ 379,403

The assumed healthcare cost trend rate for fiscal year 2022 is 5.5%, grading down to an ultimate level of 4.0%. Increasing the healthcare trend rate by 1% each year would increase the accumulated postretirement benefit obligation by $10,150 as of June 30, 2022, and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for the year by $308. Decreasing the healthcare trend rate by 1% each year would decrease the accumulated postretirement benefit obligation by $9,469 as of June 30, 2022, and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for the year by $285.

The discount rate used in determining the accumulated postretirement benefit obligation was 1.8% and 1.6% at June 30, 2022 and 2021, respectively.

The benefits paid under this plan were $45,428 and $55,042 for the years ended June 30, 2022 and 2021, respectively.

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

Years ending June 30:		
2023	$	37,995
2024		35,715
2025		33,120
2026		30,290
2027		27,430
2028-2032		95,836

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% of their annual base salary. The College suspended the 7% contribution and the 4% employee contribution requirement for fiscal year 2021. In fiscal year 2022, the College resumed the 7% contribution and 4% employee contribution requirement. The College's contributions based upon 7% of salaries, were $1,830,768 in 2022 and $13,460 in 2021. The 2021 contributions were true-up amounts for calendar year 2020.

14. Endowments

The College's endowment consists of 1,135 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% and 7% 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% 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% 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, 2022 and 2021, the rate was 5.75% plus an additional spending of approximately $1,500,000, for a total of 7%, respectively, of the 20 quarter moving average market value of the pooled endowment.

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

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. As of June 30, 2022, 108 donor-restricted funds with original gift values of $24,995,531, fair values of $23,927,274 and deficiencies of $1,068,257 were reported in net assets with donor restrictions and in 2021, no donor-restricted funds were reported with deficiencies 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:

	2022		
	Board-Designated	With Donor Restrictions	Total
Endowment net assets, beginning	$ 18,900,765	$ 140,092,820	$ 158,993,585
Investment return, net	(2,254,158)	(10,779,410)	(13,033,568)
Gift of new annuity	-	1,214,470	1,214,470
Contributions	1,841,058	1,302,050	3,143,108
Actuarial loss on annuity liabilities	-	(114,640)	(114,640)
Appropriation of endowment assets for expenditure	(525,118)	(7,772,754)	(8,297,872)
Prior year appropriation of endowment assets distributed	(410,400)	(2,589,600)	(3,000,000)
Net assets released from restrictions	-	(792,686)	(792,686)
Other changes	(194,559)	428,652	234,093
Endowment net assets, ending	$ 17,357,588	$ 120,988,902	$ 138,346,490

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

15. 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	2022 Total
Salaries	$ 14,244,944	$ 321,743	$ 202,503	$ 5,280,967	$ 91,435	$ 2,622,468	$ 6,638,955	$ 29,403,015
Employee benefits	3,529,650	24,506	69,279	1,693,192	330,956	678,434	1,995,018	8,321,035
Depreciation	1,773,270	-	140,510	761,660	2,217,677	333,063	620,016	5,846,196
Interest	1,399,334	-	14,166	453,621	214,238	202,334	19,419	2,303,112
Occupancy, utilities and maintenance	4,139,615	-	-	17,724	9,108	26,897	148,708	4,342,052
Services, supplies and other	3,226,057	184,248	351,178	4,197,378	6,694,509	1,925,319	5,628,894	22,207,583
	28,312,870	530,497	777,636	12,404,542	9,557,923	5,788,515	15,051,010	72,422,993
Allocation	(6,201,266)	-	258,406	1,187,581	3,907,961	550,146	297,172	-
	$ 22,111,604	$ 530,497	$ 1,036,042	$ 13,592,123	$ 13,465,884	$ 6,338,661	$ 15,348,182	$ 72,422,993

	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	1,758,425	-	138,458	746,248	2,223,030	334,212	651,614	5,851,987
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	5,119,024	17,589,621
	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

16. Liquidity and Availability of Resources

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

	2022	2021
Cash and cash equivalents without donor restrictions	$ 15,433,215	$ 6,554,103
Accounts receivable	919,992	368,986
Additional appropriation of endowment assets authorized not yet received	-	3,000,000
Short-term investments	4,166,424	3,607,176
Financial assets available to meet cash needs for general expenditures within one year	$ 20,519,631	$ 13,530,265

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% of the endowment, based on a 20 quarter rolling average, at the end of the fiscal year. The College plans to appropriate approximately $8,300,000 (7%) from the endowment within the next 12 months.

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 $17,357,588 and $18,900,765 at June 30, 2022 and 2021, 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.

17. 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.

18. Concentrations of Credit Risk and Title IV Requirements

During the years ended June 30, 2022 and 2021, 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, 2022 and 2021 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, 2022 and 2021, and for the years then ended, the College's composite score exceeded 1.5.

19. Related-Party Transactions

Contributions made by non-compensated members of the Board of Directors and officers of the College totaled approximately $561,013 and $435,745 for the years ended June 30, 2022 and 2021, respectively. Outstanding contribution receivables from members of the Board of Directors or officers of the College total $852,752 at June 30, 2022. There are no other unsecured or secured related party receivables at June 30, 2022 and 2021.

20. 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, 2022 through October 31, 2022, 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.