Ursinus College

Financial Statements

June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
November 20, 2024

Ursinus College

Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 6,363,354	$ 15,261,082
Accounts receivable, net	307,906	864,721
Prepaid expenses	1,715,772	1,434,055
Pledges receivable, net	2,479,459	2,221,851
Student loans receivable, net	-	177,460
Deposits with bond trustee	5,798	3,836
Investments	167,639,430	158,269,662
Land, buildings and equipment, net	137,546,724	134,972,648
Collections	9,670,528	9,661,731
Other assets	784,697	732,452
Total assets	$ 326,513,668	$ 323,599,498
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 3,096,885	$ 2,609,121
Accrued payroll	2,051,954	1,981,007
Deferred revenues	762,787	773,020
Refundable deposits	840,342	857,875
Line of credit	2,500,000	-
Postretirement obligations	173,006	222,696
Split-interest agreement liabilities	5,164,092	5,210,632
Conditional asset retirement obligations	2,165,184	2,117,416
Long-term debt, net	62,950,629	64,355,410
U.S. government grants refundable	-	450,992
Total liabilities	79,704,879	78,578,169
Net Assets		
Without donor restrictions	104,347,013	112,170,979
With donor restrictions	142,461,776	132,850,350
Total net assets	246,808,789	245,021,329
Total liabilities and net assets	$ 326,513,668	$ 323,599,498

See notes to financial statements

Ursinus College

Statement of Activities
Year Ended June 30, 2024 (With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total (Summarized)
Operating Revenue				
Tuition and fees (net of student aid $57,323,065 in 2024 and $56,189,031 in 2023)	$ 28,656,640	$ -	$ 28,656,640	$ 29,665,955
Room and board	20,038,803	-	20,038,803	19,834,409
Contributions	2,473,682	2,378,929	4,852,611	4,673,854
Contributions of nonfinancial assets	33,642	-	33,642	197,269
Government grants and contracts	1,319,349	127,637	1,446,986	1,861,722
Endowment funds used for operations	8,177,307	-	8,177,307	8,232,549
Other investment income, net	575,708	121	575,829	1,053,804
Other auxiliary enterprises	2,083,273	-	2,083,273	1,322,228
Other income	1,809,862	250	1,810,112	1,540,722
Net realized and unrealized gains	126,440	-	126,440	37,677
Net assets released from restrictions	2,777,939	(2,777,939)	-	-
Total operating revenue	68,072,645	(271,002)	67,801,643	68,420,189
Operating Expenses				
Salaries and wages	33,000,623	-	33,000,623	30,863,267
Employee benefits	8,975,523	-	8,975,523	8,983,565
Purchased services	14,345,284	-	14,345,284	13,245,212
Occupancy	5,216,349	-	5,216,349	5,338,242
Other operating	11,210,784	-	11,210,784	10,836,602
Interest	2,590,797	-	2,590,797	2,328,472
Depreciation	5,850,976	-	5,850,976	5,840,763
Total operating expenses	81,190,336	-	81,190,336	77,436,123
Change in net assets from operations	(13,117,691)	(271,002)	(13,388,693)	(9,015,934)
Nonoperating Activities				
Contributions	952,621	1,094,377	2,046,998	6,091,921
Other investment income, net	6,083	733,958	740,041	293,702
Net realized and unrealized gains	2,691,421	16,575,591	19,267,012	11,337,719
Endowment funds provided to operations	(8,177,307)	-	(8,177,307)	(8,377,870)
Actuarial loss on split-interest agreements	-	(278,832)	(278,832)	(82,295)
Gain on assignment of Perkins Loans	130,723	-	130,723	-
Other income	1,447,518	-	1,447,518	-
Other expenses	-	-	-	(509,689)
Net assets released from restrictions	8,242,666	(8,242,666)	-	-
Change in net assets from nonoperating activities	5,293,725	9,882,428	15,176,153	8,753,488
Change in net assets	(7,823,966)	9,611,426	1,787,460	(262,446)
Net Assets, Beginning	112,170,979	132,850,350	245,021,329	245,283,775
Net Assets, Ending	$ 104,347,013	$ 142,461,776	$ 246,808,789	$ 245,021,329

See notes to financial statements

Ursinus College

Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Tuition and fees (net of student aid $56,189,031)	$ 29,665,955	$ -	$ 29,665,955
Room and board	19,834,409	-	19,834,409
Contributions	3,211,270	1,462,584	4,673,854
Contributions of nonfinancial assets	197,269	-	197,269
Government grants and contracts	1,734,085	127,637	1,861,722
Endowment funds used for operations	8,148,191	84,358	8,232,549
Other investment income, net	1,053,684	120	1,053,804
Other auxiliary enterprises	1,322,228	-	1,322,228
Other income	1,540,422	300	1,540,722
Net realized and unrealized gains	37,677	-	37,677
Net assets released from restrictions	2,734,763	(2,734,763)	-
Total operating revenue	69,479,953	(1,059,764)	68,420,189
Operating Expenses			
Salaries and wages	30,863,267	-	30,863,267
Employee benefits	8,983,565	-	8,983,565
Purchased services	13,245,212	-	13,245,212
Occupancy	5,338,242	-	5,338,242
Other operating	10,836,602	-	10,836,602
Interest	2,328,472	-	2,328,472
Depreciation	5,840,763	-	5,840,763
Total operating expenses	77,436,123	-	77,436,123
Change in net assets from operations	(7,956,170)	(1,059,764)	(9,015,934)
Nonoperating Activities			
Contributions	3,273,377	2,818,544	6,091,921
Other investment income, net	38,615	255,087	293,702
Net realized and unrealized gains	1,867,660	9,470,059	11,337,719
Endowment funds provided to operations	(8,377,870)	-	(8,377,870)
Actuarial loss on split-interest agreements	-	(82,295)	(82,295)
Other expenses	(509,689)	-	(509,689)
Net assets released from restrictions	8,565,742	(8,565,742)	-
Change in net assets from nonoperating activities	4,857,835	3,895,653	8,753,488
Change in net assets	(3,098,335)	2,835,889	(262,446)
Net Assets, Beginning	115,269,314	130,014,461	245,283,775
Net Assets, Ending	$ 112,170,979	$ 132,850,350	$ 245,021,329

See notes to financial statements

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ 1,787,460	$ (262,446)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Credit losses	(18,540)	46,072
Depreciation	5,850,976	5,840,763
Accretion of asset retirement obligations	47,768	45,296
Net realized and unrealized gains	(19,393,452)	(11,337,719)
Bond premium amortization	(156,545)	(228,862)
Amortization of bond issuance costs	85,545	91,237
Actuarial loss on split-interest agreements	278,832	82,295
Gain on sale of land, buildings and equipment	(1,447,518)	-
Gift in-kind contributions of property and collections	(8,797)	(161,460)
Contributions restricted for long-term investment and split-interest agreements	(2,046,998)	(2,818,544)
Changes in assets and liabilities:		
Accounts receivable	575,355	9,199
Prepaid expenses	(281,717)	(182,161)
Pledges receivable	829,819	1,641,804
Other assets	(52,245)	(11,361)
Accounts payable and accrued expenses	(219,429)	490,661
Accrued payroll	70,947	115,712
Deferred revenues	(10,233)	369,722
Refundable deposits	(17,533)	(27,132)
Postretirement obligations	(49,690)	(33,311)
U.S. government grants refundable	(450,992)	(159,321)
Net cash used in operating activities	(14,626,987)	(6,489,556)
Cash Flows From Investing Activities		
Purchases of land, buildings and equipment	(7,751,603)	(3,551,904)
Proceeds from sale of land, buildings and equipment	1,481,263	-
Purchases of collections	-	(7,960)
Purchases of investments	(99,178,736)	(90,619,162)
Proceeds from sales of investments	109,078,460	88,967,255
Payments on student loans receivable	177,460	404,722
Net cash provided by (used in) investing activities	3,806,844	(4,807,049)
Cash Flows From Financing Activities		
Contributions received restricted for long-term investment	959,572	1,881,007
Contributions received restricted for investments in split-interest agreements	180,190	25,139
Proceeds from draw on line of credit	2,500,000	-
Proceeds from issuance of long-term debt	-	10,000,000
Payments on long-term debt	(1,333,781)	(2,118,935)
Payment of financing costs	-	(66,000)
Payments on split-interest agreements	(381,604)	(467,192)
Net cash provided by financing activities	1,924,377	9,254,019
Net decrease in cash and cash equivalents and restricted cash	(8,895,766)	(2,042,586)
Cash and Cash Equivalents and Restricted Cash, Beginning	15,264,918	17,307,504
Cash and Cash Equivalents and Restricted Cash, Ending	$ 6,369,152	$ 15,264,918
Supplemental Disclosures		
Cash paid for interest	$ 2,314,825	$ 2,231,355
Financing costs in payables	$ -	$ 35,006
Construction related payables	$ 707,193	$ 30,209
Reconciliation of Cash and Cash Equivalents and Restricted Cash		
Cash and cash equivalents	$ 6,363,354	$ 15,261,082
Deposits with bond trustee	5,798	3,836
Total cash and cash equivalents and restricted cash	$ 6,369,152	$ 15,264,918

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. The College enrolls approximately 1,500 full-time-equivalent students from 32 states and 5 countries, of which approximately 90% live in residential housing.

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 (GAAP) and reporting practices of not-for-profit entities which requires classification of net assets into two categories according to donor restrictions.

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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed into service. 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 are readily convertible to cash and have an original maturity date not exceeding 90 days from the date of purchase. Restricted cash includes deposits with bond trustees, which are allocated for debt service obligations and related requirements. Additionally, $3,416,033 and $9,015,331 of unspent proceeds from the 2023 Taxable Bank Loan are classified as restricted cash, designated exclusively for specific capital projects for the years ended June 30, 2024 and 2023, respectively, and are included in cash and cash equivalents on the statements of financial position.

Revenue Recognition

The College recognizes tuition and fees revenue over time in the fiscal year within the academic programs that 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 summer 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, is 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. For the year ended June 30, 2024 refunds have been approximately 1.8% 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 substantially 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.

Government grants and contracts are deemed to be nonexchange (nonreciprocal) transactions and fall under the contribution guidance. 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, 2023	Refunds Issued	Revenue Recognized in 2024 Included June 30, 2023 Balance	Cash Received in Advance of Performance	Balance at June 30, 2024
$ 399,687	$ -	$ 399,687	$ 762,787	$ 762,787

Balance at June 30, 2022	Refunds Issued	Revenue Recognized in 2023 Included June 30, 2022 Balance	Cash Received in Advance of Performance	Balance at June 30, 2023
$ 354,964	$ -	$ 354,964	$ 399,687	$ 399,687

The balance of deferred revenues at June 30, 2024, less any refunds issued will be recognized as revenue in the next fiscal year, as services are rendered.

Deferred revenue on the statements of the financial position for the year ended June 30, 2023, included $373,333 related to the College's dining contract being amortized monthly over the remaining term of the contract. In 2024, the Contract was terminated, and the remaining deferred income was returned to the vendor.

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, 2024 and 2023, student loans receivable are stated net of an allowance for credit losses. 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, 2024, the College has liquidated the remaining Perkins loans.

Allowance for Credit Losses

The College recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on management's expectation as of the statements of financial position date. Receivables are written off when the College determined that such receivables are deemed uncollectible. The College pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the College measures those receivables individually. The College also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The College utilizes the aging method in determining the lifetime expected credit losses on account receivable. In determining its expected loss rates for aging categories, the College evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitive and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, payor type, customer creditworthiness, and the effect of the other external forces, such as economic conditions and legal and regulatory requirements, on the level of estimated credit losses in the existing receivables.

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.

Impairment of Long-lived Assets

Management of the College reviews long-lived assets (including property and equipment and other assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management considers the undiscounted cash flow expected to be generated by the use of the asset and its eventual disposition to determine when, and if, an impairment has occurred. An impairment loss is recognized to the extent that the carrying value of assets exceeds their fair value. Any write-downs due to impairment are charged to operations at the time impairment is identified. No such write-downs were required in 2024 and 2023.

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 $4,035,333 and $3,770,561 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023.

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, 2024. The College added $8,797 and $7,960 to the collections for the years ended June 30, 2024 and 2023, respectively.

Split-Interest Agreement Liabilities

Split-interest agreement liabilities 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.

For Maryland gift annuity purposes, assets held and included in investments on the statements of financial position for the years ended June 30, 2024 and 2023 were $3,785,366 and $3,609,335, respectively. Reserves for future payments of annuities payable were $1,255,945 and $1,337,468, respectively, for the years ended June 30, 2024 and 2023.

The assets held are at least equal to the sum of the reserves on the outstanding annuity agreements. The reserves were calculated consistent with the assumptions underlying the rates adopted by the American Council on Gift Annuities in effect at the time of issuance of the gift annuity. The reserve assets are held in a segregated account.

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 split-interest agreements, revenue and expenses related to loan funds and trusts, net assets released from restrictions for long-term assets 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 GAAP 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 credit losses for student accounts, loans and pledges receivable; alternative investment values; useful lives of buildings and equipment; conditional asset retirement obligations; functional expense allocation and split-interest agreement liabilities. 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.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements for comparative financial statements.

Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized.

On July 1, 2023, the College adopted the ASU using the modified retrospective approach. The adoption of ASU No. 2016-13 had no impact on the financial statements for the year ended June 30, 2024.

2. Accounts Receivable, Net

Accounts receivable are as follows at June 30:

	2024	2023
Student	$ 20,056	$ 72,711
Employees	10,332	10,803
Research and development grants	112,056	9,657
Other	190,567	831,115
Total	333,011	924,286
Allowance	(25,105)	(59,565)
Total accounts receivable, net	$ 307,906	$ 864,721

3. Pledges Receivable, Net

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 4.44% and 5.43% at June 30:

	2024	2023
Less than one year	$ 1,282,745	$ 1,306,451
One to five years	1,569,400	1,427,601
More than five years	443,000	218,000
Total pledges	3,295,145	2,952,052
Discount for present value	(480,608)	(286,911)
Allowance for uncollectible pledges	(335,078)	(443,290)
Total discount and allowance	(815,686)	(730,201)
Total pledges receivable, net	$ 2,479,459	$ 2,221,851

4. 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:		
2025	$	971,500
2026		971,500
2027		971,500
2028		971,500
2029		751,400
Thereafter*		2,807,800
Total	$	7,445,200

* Includes gap and indirect funding of $470,400 and $1,344,000, respectively. Contributions of $896,986 and $951,615 were recognized in the years ended June 30, 2024 and 2023, respectively.

Gap for any academic year represents the excess of a Scholar's tuition, room and board less sum of all aid received by the Scholar. The College will increase aid for 80% of the gap amount and the Foundation will cover the remaining 20% from gap funding.

Indirect funding relates to other activities provided by the College for indirect support of the Scholars. The types of activities would include assessments, leadership training, seminars, workshops, mentoring, transportation to off-campus events and overhead and administrative expenses

5. 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:

	2024	**2023**
Federal government programs	$ -	$ 178,359
Less allowance for credit losses:		
Beginning of year	(899)	(195,580)
Decreases	899	194,681
Ending	-	(899)
Student loans receivable, net	$ -	$ 177,460

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 $0 and $450,992 at June 30, 2024 and 2023, 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:

2023				
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**
$ -	$ -	$ 1,798	$ -	$ 1,798

Allowances for credit losses 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.

As of June 30, 2024, the College closed out its Perkins Loan Program. In compliance with the ED requirements, the College returned the remaining federal share of the Perkins receivable to the ED and recognized the remaining institutional share within its financial statements.

6. 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.

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. They are categorized in Level 1 of the fair value hierarchy.

Common stock - Common stock are traded on a national securities exchange. These investments are considered Level 1 and are valued at the closing price.

Real estate fund – Real estate fund is valued at the closing price of the traded fund at the statements of financial position date. They are categorized in Level 1 of the fair value hierarchy.

Other investments - This includes an absolute return fund held by the College and other investments held by the College. To the extent the other investments are actively traded, they are categorized in Level 1 of the fair value hierarchy. The other investments that are not actively traded but are valued at 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 are categorized as Level 2 in the fair value hierarchy.

Funds held in trust by others - This includes split-interest agreements and beneficial interest in trusts. The College holds split-interest agreements in which assets are donated with benefits divided between the College and other beneficiaries. These arrangements, including charitable remainder trusts, charitable gift annuities, and life insurance income funds, are considered a Level 3 measurement because even though 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. The College is named as a beneficiary in certain trusts held and administered by third parties. These beneficial interests represent the College's right to receive specified distributions from the trusts' assets and are considered Level 3 investments, as their valuation relies on significant unobservable inputs. The amounts are recorded at the present value of the estimated future benefits expected to be received, and are presented to permit reconciliation of the fair value hierarchy with the investments at fair value, as reported in the statements of financial position.

Directly held real estate - The College holds real property. Real property is primarily recorded at cost. Investments held at cost have not been classified in the fair value hierarchy. The 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.

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. During the year, the Oaktree investment was liquidated.

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, 2024:

	Fair Value Investment at June 30, 2024			Fair Value
	Level 1	**Level 2**	**Level 3**	**2024**
Investments:				
Cash and money market funds	$ 7,190,652	$ -	$ -	$ 7,190,652
Mutual funds:				
Equity	2,929,656	-	-	2,929,656
Fixed-income	1,373,939	-	-	1,373,939
Real estate fund	3,234,854	-	-	3,234,854
Other investments	34	-	-	34
Funds held in trust by others	-	-	20,802,606	20,802,606
Total investments in the fair value hierarchy	$ 14,729,135	$ -	$ 20,802,606	35,531,741
Directly held real estate				1,735,000
Alternative investments measured at NAV				130,372,689
				$ 167,639,430
Deposits with bond trustee:				
U.S. government obligations	$ 5,798	$ -	$ -	$ 5,798

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, 2023:

	Fair Value Investment at June 30, 2023			Fair Value
	Level 1	**Level 2**	**Level 3**	**2023**
Investments:				
Cash and money market funds	$ 6,521,456	$ -	$ -	$ 6,521,456
Mutual funds:				
Equity	2,941,685	-	-	2,941,685
Fixed-income	1,081,286	-	-	1,081,286
International equity	293,377	-	-	293,377
Common stock	37,130	-	-	37,130
Other investments	173,575	-	-	173,575
Funds held in trust by others	-	-	19,491,556	19,491,556
Total investments in the fair value hierarchy	$ 11,048,509	$ -	$ 19,491,556	30,540,065
Directly held real estate				1,581,985
Alternative investments measured at NAV				126,147,612
				$ 158,269,662
Deposits with bond trustee:				
U.S. government obligations	$ 3,836	$ -	$ -	$ 3,836

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:

	Fair Value at NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds (a)	$ 19,919,363	$ 16,613,225	Illiquid	-
Private equity funds (a)	70,438,351	-	Monthly	5 days
Real estate funds (b)	5,766,220	14,322,125	Illiquid	-
Real estate funds (b)	6,997,257	-	Monthly	-
Real estate funds (b)	3,886,833	-	Quarterly	100 days
Fixed income funds (c)	4,714,358	5,765,858	Illiquid	-
Fixed income funds (c)	12,163,028	-	Weekly - Monthly	5 days
Special opportunities funds (d)	341,472	397,175	Illiquid	-
Private equity distressed debt funds (e)	117,846	379,526	Illiquid	-
Diversifying strategies (f)	6,027,961	-	Illiquid	-
Balance at June 30, 2024	$ 130,372,689	$ 37,477,909		
Private equity funds (a)	$ 17,839,061	$ 11,764,473	Illiquid	-
Private equity funds (a)	68,310,307	-	Monthly	5 days
Real estate funds (b)	3,524,749	5,395,063	Illiquid	-
Real estate funds (b)	5,088,064	-	Monthly	5 days
Real estate funds (b)	5,023,589	-	Quarterly	100 days
Fixed income funds (c)	3,862,179	2,567,311	Illiquid	-
Fixed income funds (c)	9,324,762	-	Weekly - Monthly	5 days
Special opportunities funds (d)	362,557	397,175	Illiquid	-
Private equity distressed debt funds (e)	139,050	629,526	Illiquid	-
Diversifying strategies (f)	12,673,294	-	Illiquid	-
Balance at June 30, 2023	$ 126,147,612	$ 20,753,548		

(a) *Private equity funds* - Investments in private equity funds seek capital appreciation through diversified portfolios managed by specialized investment managers. These investments primarily focus on equity stakes in companies across global markets. They may include allocations to third-party funds and affiliated investments and can utilize derivatives as part of their strategy to enhance returns. Distributions are made to investors through liquidation of the underlying asset.

(b) *Real estate funds* - Investments in real estate funds seek capital appreciation through the to a diverse portfolio of real estate assets, aiming for long-term capital appreciation. These funds primarily invest in various property types, including commercial, residential, and industrial real estate, either through direct ownership or through investments in specialized real estate funds. Valued generally at NAV, these investments seek to generate returns through asset appreciation and income generation, with distributions made to investors through the eventual liquidation of the underlying assets.

(c) *Fixed income funds* - Investments in fixed income investments are aimed at providing steady income and capital preservation by investing in high-quality bonds and credit-focused securities. These funds focus primarily on U.S. dollar-denominated, investment-grade bonds and related fixed income securities. Managed by experienced Sub-Advisors, the funds may include a core portfolio aligned with benchmark indices like the Bloomberg Barclays US Aggregate Bond Index, with additional allocations in selected securities and strategies to enhance returns. Valued at NAV, these investments offer income through interest payments, with distributions made to investors through periodic returns and principal repayments.

(d) *Special opportunities funds* - Investments in special opportunity investments seek capital appreciation and income through a broad array of opportunistic investments across diverse asset classes. These funds invest flexibly across various markets and strategies, including equities, debt, derivatives, real estate, private placements, and illiquid assets. With a focus on seizing unique market opportunities, these funds may allocate assets in alignment with prevailing market conditions and are managed with a mandate for agility rather than broad diversification. Distributions to investors are made progressively as assets are liquidated, targeting returns through strategic capital appreciation and income generation.

(e) *Private equity distressed debt funds* - Investments in distressed opportunities investments target capital appreciation and income by focusing on companies undergoing financial or operational distress, as well as other market dislocations. Managed by specialized advisors, these funds invest in both public and private distressed debt, equity securities, and select co-investment partnerships. They utilize a range of strategies, including commitments to pooled investment vehicles, secondary market purchases, and privately negotiated transactions, both domestically and internationally across various sectors. These investments are valued at fair market value, with returns realized through strategic restructuring, liquidation, or recovery efforts as underlying assets are liquidated over time.

(f) *Diversifying strategies* - Investments in the diversifying strategies funds seek capital appreciation by investing in a variety of domestic and foreign third-party investment funds. Asset allocation within the fund spans four key investment categories: event-driven, credit, equity market neutral, and absolute return multi-strategy. Investments and redemptions recorded upon the effective date of capital contributions and withdrawals at NAV.

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

	2024	2023
Interest and dividends	$ 1,676,201	$ 1,589,182
Investment fees	(360,331)	(386,997)
Realized gains	6,700,290	2,706,839
Unrealized gains	12,693,162	8,668,557
Total investment return, net	$ 20,709,322	$ 12,577,581

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

	2024	2023
Operating activities:		
Endowment funds used for operations	$ 8,177,307	$ 8,232,549
Other investment income, net	575,829	1,053,804
Net realized and unrealized gains	126,440	37,677
Nonoperating activities:		
Endowment funds provided to operations	(8,177,307)	(8,377,870)
Other investment income, net	740,041	293,702
Net realized and unrealized gains	19,267,012	11,337,719
	$ 20,709,322	$ 12,577,581

7. Land, Buildings and Equipment

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

	2024	2023
Nondepreciable assets, primarily land	$ 792,618	$ 792,618
Buildings and improvements	228,094,879	224,192,567
Furniture and equipment	15,813,782	15,674,260
Construction in progress	7,059,833	3,327,639
Total	251,761,112	243,987,084
Less accumulated depreciation	(114,214,388)	(109,014,436)
Land, buildings and equipment, net	$ 137,546,724	$ 134,972,648

8. Long-Term Debt

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

	2024	2023
PHEFA College Revenue Bonds, Series of 2013	$ 7,125,000	$ 7,765,000
PHEFA College Revenue Bonds, Series of 2015	9,905,000	10,180,000
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	9,040,000
PHEFA College Revenue Bonds, Series B of 2022	310,000	605,000
Sustainable Energy Fund Loan	776,643	900,424
Taxable Bank Loan	10,000,000	10,000,000
Total	62,076,643	63,410,424
Plus unamortized bond premium	1,757,953	1,914,498
Less unamortized bond issuance costs	(883,967)	(969,512)
Long-term debt, net	$ 62,950,629	$ 64,355,410

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

Years ending June 30:	
2025	$ 1,383,823
2026	2,054,072
2027	2,154,534
2028	2,265,219
2029	2,366,135
Thereafter	51,852,860
Total	$ 62,076,643

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 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. The final principal repayment of $830,000 was made on January 1, 2023 with 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. Subsequent to year-end, these bonds were refinanced, as further described in Note 20 to the financial statements.

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. Subsequent to year-end, these bonds were refinanced, as further described in Note 20 to the financial statements.

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.

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.

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.

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.

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. Subsequent to year-end, these bonds were refinanced, as further described in Note 20 to the financial statements.

Taxable Bank Loan (Ursinus College)

In April 2023, the College entered into a loan agreement in the amount of $10,000,000 to finance multiple college projects. These projects include capital improvements to Patterson Field, the ERP Modernization Project (Oracle Fusion), and various sustainability projects. Outstanding loan advances accrue interest at 5.25% over the initial loan term. All loan advances were taken by April 28, 2023. Semi-annual interest payments begin on November 1, 2023, with outstanding principal due in a balloon payment on April 26, 2030. Subsequent to year-end, these bonds were refinanced, as further described in Note 20 to the financial statements.

Line of Credit (Ursinus College Working Capital)

The College has access to a line of credit with a bank in the amount of five million. The line expires on May 29, 2025. Interest is accrued at the adjusted term secured overnight rate (SOFR) plus 1.3%. As of June 30, 2024, the college had $2,500,000 outstanding on the line of credit at the effective rate of 6.74%.

Interest

Interest expense in 2024 and 2023 was $2,590,797 and $2,328,472, 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, 2024 and 2023, the College capitalized interest costs of $480,250 and $0, respectively.

Collateral and Covenants

The bond agreements contain certain restrictive and financial 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. The College is in compliance with the financial covenants as of June 30, 2024 and 2023. 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.

9. Net Assets

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

	2024	2023
Undesignated	$ 4,307,195	$ 17,008,126
Board-designated endowment	25,443,723	23,600,629
Property and equipment, less debt	74,596,095	71,562,224
Total net assets without donor restrictions	$ 104,347,013	$ 112,170,979

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

	2024	2023
Time restricted for future periods:		
Pledges	$ 2,261,958	$ 2,017,182
Cash surrender value of life insurance	784,697	725,512
Split-interest agreements, net	5,545,581	4,926,245
Beneficial interest in charitable trusts	10,092,933	9,354,680
Purpose restricted:		
Unexpended gifts for instruction, scholarships and capital expenditures	1,913,243	3,377,993
Endowment, accumulated realized and unrealized investment gains unexpended for instruction, scholarships and capital expenditures	32,549,451	23,973,167
Restricted in perpetuity:		
Endowment principal:		
General endowment	35,959,580	35,615,081
Scholarship and prizes	36,120,963	35,773,920
Endowed chairs	17,015,869	16,854,511
Pledges	217,501	232,059
Total net assets with donor restrictions	$ 142,461,776	$ 132,850,350

10. 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:

	2024	2023
Net assets released from restrictions:		
Donor restrictions satisfied	$ 2,843,298	$ 2,922,635
Endowment gains under spending rule (see Note 13)	8,177,307	8,377,870
Total net assets released from restrictions	$ 11,020,605	$ 11,300,505

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:

	2024	2023
Endowment funds (including funds functioning) used for operations:		
Endowment interest and dividends, net of fees	$ -	$ (145,321)
Accumulated realized and unrealized investment gains	8,177,307	8,377,870
Total	$ 8,177,307	$ 8,232,549

11. Contributed Nonfinancial Assets

At June 30, 2024 and June 30, 2023, contributed nonfinancial assets recognized within the statement of activities included:

	2024	2023
Equipment	$ -	$ 153,500
Artwork and collections	8,797	7,960
Other	24,845	35,809
Total	$ 33,642	$ 197,269

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

Other contributed nonfinancial assets include contributed art, food, clothing, and services. Fair market value for gifts of art is determined by independent appraisals. 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.

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. College contributions to the Emeriti plan were $152,275 and $148,725 for the years ended June 30, 2024 and 2023, respectively. Subsequent to year-end, the College stopped contributions to the plan.

Postretirement Benefits Other Than Pensions

The College currently maintains a legacy defined benefit plan that provides postretirement medical and life insurance benefits for the lifetime of its participants.

The cost of postretirement benefits other than pensions included interest costs totaling $9,744 and $9,417 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023:

Reconciliation of the funded status is as follows:

	2024	2023
Accumulated postretirement benefit obligation (APBO):		
Retirees	$ 173,006	$ 222,696
Active employees fully eligible	-	-
Active employees not yet fully eligible	-	-
Total	173,006	222,696
Fair value of plan assets	-	-
APBO in excess of plan assets	173,006	222,696
Unrecognized net gain	-	-
Total	$ 173,006	$ 222,696

The assumed healthcare cost trend rate for fiscal year 2024 is 7.0%, 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 $6,266 as of June 30, 2024, and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for the year by $401. Decreasing the healthcare trend rate by 1% each year would decrease the accumulated postretirement benefit obligation by $5,882 as of June 30, 2024, and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for the year by $376.

The discount rate used in determining the accumulated postretirement benefit obligation was 4.8% and 4.0% at June 30, 2024 and 2023, respectively.

The benefits paid under this plan were $36,704 and $39,441 for the years ended June 30, 2024 and 2023, respectively.

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

Years ending June 30:	
2025	$ 28,857
2026	26,796
2027	24,556
2028	22,202
2029	19,793
2030-2034	66,146

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's contributions based upon 7% of salaries, were $1,986,537 in 2024 and $1,915,365 in 2023. Subsequent to year end, the College changed its matching percentage to 4%.

13. Endowments

The College's endowment consists of 1,154 individual funds, including split-interest agreements established for a variety of purposes and beneficial interests in perpetual trusts. 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.

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 year ended June 30, 2023, the rate was 6.72%, of the 20-quarter moving average market value of the pooled endowment. In January of 2024, the College adopted a new spending policy based on the 12-quarter moving average market value of the pooled endowment, in which the rate is annually approved. For the year ended June 30, 2024, the rate was 6.18%.

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, 2024, 14 donor-restricted funds with original gift values of $3,193,101, fair values of $3,057,354 and deficiencies of $135,747 were reported in net assets with donor restrictions. As of June 30, 2023, 107 donor-restricted funds with original gift values of $25,432,951, fair values of $24,377,269 and deficiencies of $1,055,682 were reported in net assets with donor restrictions. Management has interpreted state law to permit prudent spending from underwater endowments.

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

	2024		
	Board-Designated	**With Donor Restrictions**	**Total**
Endowment Assets Subject to Spending Rule			
Endowment assets, beginning	$ 19,942,542	$ 113,049,330	$ 132,991,872
Investment return, net	2,374,078	15,180,732	17,554,810
Contributions and transfers	3,996,899	463,321	4,460,220
Appropriation of endowment assets for expenditure	(1,105,883)	(7,071,424)	(8,177,307)
Endowment assets, ending	25,207,636	121,621,959	146,829,595
Other Endowment Assets			
Beneficial interest in charitable trusts	-	10,092,933	10,092,933
Split-interest agreements*	-	10,709,673	10,709,673
Total endowment assets	$ 25,207,636	$ 142,424,565	167,632,201
Nonendowed Assets			7,229
Total investments			$ 167,639,430

*Reported at gross with offsetting liability of $5,164,092 reporting in split-interest agreement liabilities.

	2023		
	Board-Designated	With Donor Restrictions	Total
Endowment Assets Subject to Spending Rule			
Endowment assets, beginning	$ 17,083,435	$ 103,295,993	$ 120,379,428
Investment return, net	1,322,796	8,838,103	10,160,899
Contributions and transfers	2,626,984	8,202,431	10,829,415
Appropriation of endowment assets for expenditure	(1,090,673)	(7,287,197)	(8,377,870)
Endowment assets, ending	19,942,542	113,049,330	132,991,872
Other Endowment Assets			
Beneficial interest in charitable trusts	-	9,354,680	9,354,680
Split-interest agreements*	-	10,136,877	10,136,877
Total endowment assets	$ 19,942,542	$ 132,540,887	152,483,429
Nonendowed Asset			5,786,233
Total investments			$ 158,269,662

*Reported at gross with offsetting liability of $5,210,632 reporting in split-interest agreement liabilities.

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	2024 Total
Salaries	$ 13,563,083	$ 150,375	$ 924,971	$ 7,441,582	$ 59,975	$ 2,081,280	$ 8,779,357	$ 33,000,623
Employee benefits	3,647,357	39,856	268,218	2,124,662	15,896	552,620	2,326,914	8,975,523
Depreciation	1,729,320	-	146,632	752,159	2,179,339	377,263	666,263	5,850,976
Interest	1,724,799	-	14,166	416,295	214,238	202,334	18,965	2,590,797
Occupancy, utilities and maintenance	3,312,735	-	7,607	707,596	78,531	397,298	712,582	5,216,349
Services, supplies and other	4,874,480	155,982	554,986	4,655,429	7,831,862	1,684,621	5,798,708	25,556,068
	28,851,774	346,213	1,916,580	16,097,723	10,379,841	5,295,416	18,302,789	81,190,336
Allocation	(6,527,552)	-	276,341	1,276,364	4,068,723	588,329	317,795	-
	$ 22,324,222	$ 346,213	$ 2,192,921	$ 17,374,087	$ 14,448,564	$ 5,883,745	$ 18,620,584	$ 81,190,336

	Program Services					Supporting Services		
	Instruction	Research	Public Service	Student Services	Auxiliary Enterprises	Academic Support	Management and General	2023 Total
Salaries	$ 13,021,364	$ 120,315	$ 863,915	$ 6,989,616	$ 59,266	$ 1,806,590	$ 8,002,201	$ 30,863,267
Employee benefits	3,789,565	7,319	272,331	1,892,998	361,118	684,211	1,976,023	8,983,565
Depreciation	1,796,535	-	141,779	760,429	2,161,241	342,456	638,323	5,840,763
Interest	1,457,605	-	14,177	424,304	214,402	198,934	19,050	2,328,472
Occupancy, utilities and maintenance	3,433,976	-	25,385	566,295	318,290	322,014	672,282	5,338,242
Services, supplies and other	4,484,163	122,791	333,537	5,041,833	7,825,316	1,700,523	4,573,651	24,081,814
	27,983,208	250,425	1,651,124	15,675,475	10,939,633	5,054,728	15,881,530	77,436,123
Allocation	(6,124,843)	-	255,221	1,172,946	3,859,800	543,367	293,509	-
	$ 21,858,365	$ 250,425	$ 1,906,345	$ 16,848,421	$ 14,799,433	$ 5,598,095	$ 16,175,039	$ 77,436,123

15. 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:

	2024	2023
Cash and cash equivalents without donor restrictions	$ 1,034,078	$ 5,245,751
Accounts receivable	307,906	864,721
Pledges receivable, without donor restrictions (short-term)	343,674	106,702
Investments (short-term)	7,230	2,370,442
Financial assets available to meet cash needs for general expenditures within one year	$ 1,692,888	$ 8,587,616

The College has experienced losses from operations during the years ended June 30, 2024 and 2023. For fiscal year 2025, the College has adopted a cash-positive budget which projects on a GAAP basis an operating loss of $3,700,000. Fall 2025 enrollment met or exceeded budget. To the extent additional cash flow is necessary, the College has funds available from the annual endowment appropriation, funds remaining on the line of credit, and the Board-designated endowment as noted below.

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 12 quarter rolling average, at the end of the fiscal year. The College plans to appropriate approximately $8,200,000 from the endowment within the next 12 months.

As part of its liquidity management strategy, the College has a policy to structure its financial assets to ensure availability for general expenditures, liabilities, and other obligations as they come due. In the event of an unexpected liquidity need, the College has access to a $5,000,000 line of credit, of which $2,500,000 was drawn as of June 30, 2024.

In addition, the College has a Board-designated endowment of $25,207,636 and $19,942,542 at June 30, 2024 and 2023, 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.

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 has entered into commitments of approximately $2,500,000 for the ERP Modernization Project (Oracle Fusion). At June 30, 2024, the outstanding commitments on the contracts were approximately $1,170,000 and will be funded by the College's cash resources.

Please refer to Note 6 for the College's unfunded commitments related to its investment portfolio.

17. Title IV Requirements

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, 2024 and 2023 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, 2024 and 2023, and for the years then ended, the College's composite score exceeded 1.5.

18. Related-Party Transactions

Contributions made by noncompensated members of the Board of Trustees and officers of the College totaled $1,586,603 and $529,297 for the years ended June 30, 2024 and 2023, respectively. Outstanding contribution receivables from members of the Board of Trustees and officers of the College totaled $886,269 and $573,644 at June 30, 2024 and 2023, respectively. There are no other unsecured or secured related party receivables at June 30, 2024 and 2023.

19. ED Financial Responsibility

ED revised the regulations for financial responsibility effective July 1, 2019. The regulations require the College to provide additional disclosures, including a financial responsibility supplemental schedule, to assist ED in measuring financial responsibility through the composite score of financial ratios. The financial responsibility supplemental schedule must contain all financial elements required to calculate the composite score ratios, with a cross-reference to the financial statement line or note that contains the element.

Note 7 provides information on the College's land, buildings and equipment, net, but does not provide a breakout by the implementation date of July 1, 2019. The following table provides a breakdown of land, buildings and equipment, net, at June 30, 2024:

Pre-implementation:	
Land, buildings and equipment, net	$ 108,224,207
Post-implementation:	
Land, buildings and equipment, net, with outstanding debt for original purchase	1,495,383
Construction in progress	5,041,255
Land, buildings and equipment, net, with outstanding debt for original purchase	6,536,638
Land, buildings and equipment, net, without outstanding debt for original purchase	20,767,301
Construction in progress	2,018,578
Total land, buildings and equipment, net without outstanding debt for original purchase	22,785,879
Total land, buildings and equipment, net, at June 30, 2024	$ 137,546,724

Note 8 provides information on the College's long-term debt, net, but does not provide a breakout by the implementation date. The following table provides a breakdown of long-term debt, net at June 30, 2024 based on the July 1, 2019 implementation date.

Long-term debt for long-term purposes, pre-implementation, net	$ 52,950,629
Long-term debt for long-term purposes, post-implementation, net	10,000,000
Total long-term debt, net at June 30, 2024	$ 62,950,629

Included in post-implementation debt of $10,000,000 is current year acquisitions of land, buildings and equipment, net of $6,583,967 and remaining project funds of $3,416,133 which will be spent during the fiscal years ending June 30, 2025 through June 30, 2026.

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, 2024 through November 20, 2024, 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, except for the following:

Subsequent to year end, the College issued $37,250,000 in Revenue and Refinancing Bonds, Series 2024, through the Montgomery County Industrial Development Authority (MCIDA). The issuance refinanced several outstanding obligations, including the Pennsylvania Higher Education Facilities Authority (PHEFA) College Revenue Bonds Series 2013 and Series 2015, the Sustainable Energy Fund Loan, and the Taxable Bank Loan. In addition, approximately $9,000,000 of bond proceeds will be available for future capital projects. The bond issuance was undertaken to achieve cash flow debt service savings, to restructure the College's debt portfolio for improved financial flexibility, and for campus improvements.

The Series 2024 Bonds bear interest at variable rates (from 4.0-5.25%) with semi-annual interest payments due each June and December. Principal payments are scheduled annually, with a final maturity date in 2054. The debt service on these bonds will be funded by revenues generated by the College