THE CORPORATION OF
HAVERFORD COLLEGE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Board of Managers
The Corporation of Haverford College
Haverford, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Corporation of Haverford, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Corporation of Haverford as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Corporation of Haverford 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 accounting principles generally accepted in the United States of America, 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 Corporation of Haverford's ability to continue as a going concern for one year after the date 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 Corporation of Haverford'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 Corporation of Haverford'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
November 1, 2022

THE CORPORATION OF HAVERFORD COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

			June 30, 2022		June 30, 2021
	Assets				
1	Cash and cash equivalents	$	4,609	$	2,404
2	Short-term investments		20,372		24,606
3	Accounts receivable, net		2,603		2,696
4	Inventories, prepaid expenses, and other assets		2,387		2,579
5	Student loans receivable, net		165		240
6	Contributions receivable, net		2,428		4,881
7	Investments		618,976		641,485
8	Planned giving agreements		10,597		15,232
9	Assets held in trust by others		4,235		4,861
10	Plant and equipment, net		191,975		194,655
11	**Total Assets**	$	858,347	$	893,639
	Liabilities				
12	Accounts payable and accrued expenses	$	8,036	$	9,847
13	Deposits and deferred revenues		2,065		1,909
14	Federal student loan advances		72		76
15	Interest rate swap liabilities		3,624		9,416
16	Liabilities under planned giving agreements		6,740		7,344
17	Liabilities under the measey trust		491		-
18	Bonds and notes payable		142,298		144,419
19	Other liabilities		1,055		1,058
20	**Total Liabilities**		164,381		174,069
	Net Assets				
21	Without donor restrictions		205,671		193,076
22	With donor restrictions		488,295		526,494
23	**Total Net Assets**		693,966		719,570
24	**Total Liabilities and Net Assets**	$	858,347	$	893,639

See accompanying Notes to Financial Statements.

THE CORPORATION OF HAVERFORD COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022
(DOLLARS IN THOUSANDS)

		Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
	Operating				
	Revenues:				
1	Tuition and fees	$ 86,785	$ -	$ 86,785	$ 76,478
2	Room and board	20,685	-	20,685	13,678
3	Gross student revenue	107,470	-	107,470	90,156
4	Less student financial aid	(35,224)		(35,224)	(30,140)
5	Net student revenue	72,246	-	72,246	60,016
6	Private gifts and grants	5,648	3,556	9,204	11,671
7	Government grants and contracts	5,446	-	5,446	4,117
8	Auxiliary enterprises	2,587	-	2,587	1,124
9	Other income	997	-	997	1,147
10	Investment return appropriated for spending	19,407	6,973	26,380	26,348
11	Total revenues	106,331	10,529	116,860	104,423
12	Net assets released from restrictions	10,441	(10,441)	-	-
13	**Total Operating Revenues**	116,772	88	116,860	104,423
	Expenses				
14	Salaries and benefits	64,815	-	64,815	62,827
15	Operating expenses	35,021	-	35,021	26,277
16	Depreciation	9,323	-	9,323	9,073
17	Interest on indebtedness	6,124	-	6,124	6,076
18	**Total Operating Expenses**	115,283	-	115,283	104,253
19	**(Decrease) Increase in Net Assets from Operating Activities**	**1,489**	**88**	**1,577**	**170**
	Nonoperating				
20	Capital, endowment, and planned gifts	855	9,181	10,036	8,531
21	Net change in contributions receivable	-	(2,453)	(2,453)	(3,795)
22	Change in life income funds	29	(2,009)	(1,980)	2,950
23	Net earnings (loss) on endowment in excess of spending policy	(7,955)	(31,494)	(39,449)	131,552
24	Change in interest rate swap liabilities	5,792	-	5,792	4,468
25	Other	873	-	873	5
26	Net assets released from restriction and transfers	11,512	(11,512)	-	-
27	**Increase (Decrease) in Net Assets from Nonoperating Activities**	**11,106**	**(38,287)**	**(27,181)**	**143,711**
28	**Total Increase (Decrease) in Net Assets**	**12,595**	**(38,199)**	**(25,604)**	**143,881**
29	**Beginning Net Assets**	**193,076**	**526,494**	**719,570**	**575,689**
30	**Ending Net Assets**	**$ 205,671**	**$ 488,295**	**$ 693,966**	**$ 719,570**

See accompanying Notes to Financial Statements.

THE CORPORATION OF HAVERFORD COLLEGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)

		Without Donor Restrictions	With Donor Restrictions	Total
	Operating			
	Revenues:			
1	Tuition and fees	$ 76,478	$ -	$ 76,478
2	Room and board	13,678	-	13,678
3	Gross student revenue	90,156	-	90,156
4	Less student financial aid	(30,140)	-	(30,140)
5	Net student revenue	60,016	-	60,016
6	Private gifts and grants	8,136	3,535	11,671
7	Government grants and contracts	4,117	-	4,117
8	Auxiliary enterprises	1,124	-	1,124
9	Other income	1,147	-	1,147
10	Investment return appropriated for spending	24,115	2,233	26,348
11	Total revenues	98,655	5,768	104,423
12	Net assets released from restrictions	5,555	(5,555)	-
13	**Total Operating Revenues**	104,210	213	104,423
	Expenses			
14	Salaries and benefits	62,827	-	62,827
15	Operating expenses	26,277	-	26,277
16	Depreciation	9,073	-	9,073
17	Interest on indebtedness	6,076	-	6,076
18	**Total Operating Expenses**	104,253	-	104,253
19	**(Decrease) Increase in Net Assets from Operating Activities**	**(43)**	**213**	**170**
	Nonoperating			
20	Capital, endowment, and planned gifts	298	8,233	8,531
21	Net change in contributions receivable	-	(3,795)	(3,795)
22	Change in life income funds	1,020	1,930	2,950
23	Net (loss) earnings on endowment in excess of spending policy	26,430	105,122	131,552
24	Change in interest rate swap liabilities	4,468	-	4,468
25	Other	5	-	5
26	Net assets released from restriction and transfers	135	(135)	-
27	**Increase (Decrease) in Net Assets from Nonoperating Activities**	**32,356**	**111,355**	**143,711**
28	**Total Increase (Decrease) in Net Assets**	**32,313**	**111,568**	**143,881**
29	**Beginning Net Assets**	**160,763**	**414,926**	**575,689**
30	**Ending Net Assets**	**$ 193,076**	**$ 526,494**	**$ 719,570**

See accompanying Notes to Financial Statements.

THE CORPORATION OF HAVERFORD COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021
(DOLLARS IN THOUSANDS)

		Year ended June 30, 2022	Year ended June 30, 2021
	Cash Flows from Operating Activities		
1	**Change in Net Assets**	**$ (25,604)**	**$ 143,881**
2	Adjustments to reconcile changes in net assets to net cash used in operating activities:		
3	Depreciation	9,324	9,073
4	Amortization of bond premium and cost	(370)	(370)
5	Accretion expense	24	35
6	Bad debt expense	8	6
7	Decrease in allowance for bad debts	(25)	(25)
8	Lease forgiveness	(26)	(26)
9	Net realized and unrealized (gains) losses	19,517	(157,557)
10	Actuarial change in life income obligations	125	(826)
11	(Gain) on disposal of plant and equipment	(866)	(33)
12	Contributions restricted for long-term investment	(9,182)	(8,233)
13	Change in fair value of swap liabilities	(5,792)	(4,468)
14	Gifts in kind and other adjustments, net	(5)	(67)
15	Decrease in accounts receivable, inventories, prepaids, and other assets	103	1,536
16	Decrease in contributions receivable, net	2,458	3,861
17	(Decrease) Increase in accounts payable, accrued expenses, deposits, and deferred revenue	(1,295)	(732)
18	**Net cash (used in) operating activities**	**(11,606)**	**(13,945)**
	Cash Flows from Investing Activities		
19	Purchases of investments	(56,476)	(67,060)
20	Sales of investments	63,999	84,989
21	Change in short term investments	4,233	(2,912)
22	Purchases of plant and equipment	(6,687)	(13,900)
23	Proceeds from the sale of plant and equipment	1,039	33
24	Decrease in deposits held by trustees of debt obligations	-	2,408
25	Issuance of faculty home assistance loans	-	(369)
26	Payments on student loans, employee mortgages, and faculty home assistance loans	272	55
27	**Net cash provided by (used in) investing activities**	**6,380**	**3,244**
	Cash Flows from Financing Activities		
28	Contributions restricted for long-term investment	9,181	8,233
29	Repayments on bonds payable	(1,750)	(85)
30	**Net cash provided by financing activities**	**7,431**	**8,148**
31	**Net increase (decrease) in cash and cash equivalents**	2,205	(2,553)
32	**Cash and cash equivalents at beginning of year**	2,404	4,957
33	**Cash and cash equivalents at end of year**	$ 4,609	$ 2,404
	Supplemental disclosure of cash flow information		
34	Cash paid for interest	$ 6,506	$ 6,674
35	Accounts payable for capital projects	$ 130	$ 630

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF THE ORGANIZATION

The Corporation of Haverford College (the College), founded in 1833, is a coeducational, private, highly selective, leading liberal arts college located principally in Haverford, Pennsylvania. The campus has approximately 200 acres of award-winning architecture and landscaping, more than 50 academic, athletic, and residential buildings, and a nationally recognized arboretum. The College attracts a diverse student body of more than 1,300 full-time undergraduates from independent and public schools across the United States, Puerto Rico, and throughout the world.

The College is a nonprofit corporation that is exempt from federal income tax as described in Section 501(c)(3) of the Internal Revenue, and, as such, is subject to income taxes only to the extent of unrelated business income.

More information regarding the College’s educational activities can be obtained from the College’s website at www.haverford.edu.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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).

Net Assets Classes

The accompanying financial statements present information regarding the College’s financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions: net assets are not subject to donor stipulations restricting their use but may be designated for specific purposes by the College or may be limited by contractual agreements with outside parties.

With donor restrictions: net assets are subject to donor stipulations that expire with the passage of time, can be fulfilled by actions pursuant other stipulations, or which may be perpetual.

Changes in net assets are classified as operating and nonoperating. Nonoperating changes in net assets are: 1) net realized and unrealized gains and losses on endowment and similar assets, less amounts distributed for operating purposes 2) capital, endowment, and planned gifts 3) the change in market value of interest rate swap agreements 4) the changes in values of split interest agreements and 5) reclassifications of net assets received in prior periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents consist of cash in banks and highly liquid investments with original maturities of three months or less unless held for meeting restrictions of a capital or endowment nature. The College maintains its cash and cash equivalents with high credit quality financial institutions, which deposit amounts typically exceed the federally insured limits. The College has not experienced any losses on such accounts and believes it is not unreasonably exposed to significant credit risk on cash and cash equivalents.

Investments

Investments are stated at fair value. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is shown in the statements of activities. Realized gains and losses upon the sale of investments are calculated using the specific identification method as of the trade date.

Alternative investments consist of those investments which are not valued based upon a quoted market price and include nonmarketable assets. These funds invest in various partnership interests, managed accounts, and other vehicles to generate investment return. These funds are reported at their net asset value as reported by fund managers. The amount represents the College’s proportionate interest in the capital of the invested funds.

Accounts Receivable and Student Loans Receivable

The College’s accounts receivable and student loans receivable includes accrued interest income, amounts due from students, federal and other grants and contracts and other miscellaneous receivables which are recorded at estimated net realizable value.

The College offers noninterest payment plans to students and collateral is not required. Amounts are generally due at the beginning of the semester. The College’s policy for determining when an account is past due or delinquent is when the account is more than 90 days past due and the College will initiate certain actions on past due accounts. Allowances for doubtful accounts are established based on historical collection experience and current economic factors, which in management’s judgement, could influence the ability of the students to repay the amounts.

Assets Held in Trust by Others

Perpetual trusts held by others are funds held by outside trusts for the benefit of the College in accordance with the terms of the irrevocable trusts. These funds are neither in the possession, nor under the control, of the College. The terms of the trusts provide that the College is to receive annually, all or a portion of the income earned by the funds that are held in trust. The present value of the estimated future cash flows from the trusts are recognized as assets and gift income at the date the trusts are established. Distributions from the trusts are recorded as investment income and the carrying value of the assets is adjusted for changes in the estimates of future cash receipts.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets (15 to 20 years for land improvements and building improvements, 20 to 50 years for buildings, 4 to 15 years for equipment, and 10 years for library books). Expenditures for new equipment greater than $5 are capitalized, while construction for major renewals and replacements are capitalized over $20. The College owns approximately 200 acres of land that are carried on the books at no cost. Works of art, historical treasures, and similar assets have been recognized at their estimated fair value based upon appraisals or similar valuations at the time of gift. Works of art, historical treasures, and similar assets are not subject to depreciation.

Capitalized Interest

The College capitalizes interest costs incurred on debt during the construction of major projects exceeding one year.

Leases

The College determines if an arrangement is a lease at inception. Operating leases are included as operating lease right-of-use, or ROU, assets, operating lease liabilities, short-term, and operating lease liabilities, long-term, on the College's statement of financial position. Finance leases are included as finance lease ROU assets, finance lease liabilities, short-term and finance lease liabilities, long-term on the College's statement of financial position.

The College utilizes a capitalization policy to determine whether a right-of-use asset and related lease liability is recorded on the statement of financial position. Under this policy, any lease with lifetime payments exceeding $500 will be capitalized in accordance with Accounting Standards Codification (ASC) 842.

Deferred Revenues

Deferred revenue represents revenues collected but not yet earned as of the end of the fiscal year. This is primarily composed of revenue from summer camps and programs and advanced receipts of conditional contributions.

Planned Giving Arrangements

Planned giving agreements (planned gifts) are life income and other split-interest agreements with donors in which the College serves as trustee or otherwise controls the assets. Assets are invested and distributions are made to beneficiaries and the College in accordance with the respective agreements.

Liabilities under planned giving agreements represent the present value of the estimated future distributions to beneficiaries over the terms of the agreements. Investment gains and losses, and gains and losses associated with changes in the estimates of future distributions to beneficiaries, are included in change in life income funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Asset Retirement Obligations

In other liabilities, the College has recorded conditional asset retirement obligations associated with the legally required removal and disposal of certain hazardous materials, primarily asbestos, present in its facilities. When an asset retirement obligation is identified, the College records the fair value of the obligation as a liability. The fair value of the obligation is also capitalized as property and equipment and then amortized over the estimated remaining useful life of the associated asset. The fair value of the conditional asset retirement obligation is estimated using a probability weighted, discounted cash flow model. The present value of the future estimated cash flows is calculated using the credit adjusted, interest rate applicable to the College in order to determine the fair value of the conditional asset retirement obligations.

Student Tuition, Fees, Room and Board

The College recognizes revenue from student tuition, fees, room and board within the fiscal year in which the academic services are rendered. Institutional aid reduces the published price of tuition and room and board for students receiving such aid. As such, institutional aid is a tuition discount and indicates the difference between the stated charges and the amount that is billed to the student and/or third parties on behalf of the student.

Sponsored Projects

The College is awarded funding from external sources such as a federal agency or private organization for sponsored projects. This funding could either signify a reciprocal (exchange) or a nonreciprocal (nonexchange) transaction. In an exchange transaction, both the College and the sponsor receives and gives up nearly equal value. In a nonexchange transaction, the resources provided by the sponsor could be for the benefit of the College, to further the sponsor’s mission, or the general public.

The revenue from exchange transactions is recognized as performance obligations are satisfied, which is often as allowable costs are incurred. The revenue from nonexchange transactions (conditional contributions) is generally subject to the following two conditions: 1) a barrier that must be overcome before the College is entitled to the funding promised and 2) a right of return of the funding provided by the sponsor or a right of release from the sponsor’s obligation to provide the funding promised if the barrier is not successfully overcome.

Contributions and Contributions Receivable

Contributions from donors, including contributions receivable (unconditional promises to give), are recorded as revenues in the year received. Noncash contributions are valued using quoted market prices, market prices for similar assets or independent appraisals. Contributions receivable are reported at their discounted value using credit-adjusted borrowing rates and an allowance for amounts estimated to be uncollectible. Donor-restricted contributions, which are received and either spent, or deemed spent, within the same year, are reported as revenue without donor restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Contributions Receivable (Continued)

Contributions of long-lived assets with no donor-imposed time restrictions are reported as revenue without donor restrictions in the year received. Contributions restricted to the acquisition or construction of long-lived assets or subject to other time or purpose restrictions are reported as revenue with donor restrictions. The donor-restricted net assets resulting from these contributions are released to net assets without donor restrictions when the donor-imposed restrictions are fulfilled or the assets are placed in service. Contributions received for endowment investment are held in perpetuity and recorded as revenue with donor restrictions.

Expenses

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Fair Value of Investments and Other Financial Instruments

The College applies the provision of Financial Accounting Standards Board (FASB) ASC 820, *Fair Value Measurements*, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the College for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

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

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

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 investments are valued by the College based upon valuation information received from the relevant entity which may include last trade information, third-party appraisals of real estate, or valuations prepared by custodians for assets held in trusts by other trustees where the College is named as a beneficiary. This may also utilize industry standard valuation techniques, including discounted cash flow models. Significant increases or decreases in these inputs in isolation may result in a significantly lower or higher fair value measurement, respectively.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Investments and Other Financial Instruments (Continued)

Investments in publicly traded equity and debt securities and exchange-traded funds are based upon quoted market prices from major securities exchanges. Investments in mutual funds and common trusts and similar commingled funds that provide for frequent purchases and redemptions are reported at net asset values provided by the respective investment managers. Private equity, venture capital, real estate, hedge funds, and other alternative investments include investments for which quoted market prices are not readily available. The fair values of these investments are based primarily upon the most recent estimates provided by the respective general partners. Because alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and the differences could be material. The College has reviewed the fair values reported by its external investment managers and general partners and believes that the carrying amount of its investments is a reasonable estimate of fair value as of June 30, 2022 and 2021.

The College applies the authoritative guidance contained in FASB ASC 820-10, *Fair Value Measurements and Disclosures*, for estimating the fair value of investments in investment funds that have calculated net asset value (NAV) per share in accordance with FASB ASC 946-10, *Financial Services Investment Companies* (formerly the American Institute of Certified Public Accountants Audit and Accounting Guide, Investment Companies).

According to this guidance, in circumstances in which NAV per share of an investment is not determinative of fair value, a reporting entity is permitted, to estimate the fair value of an investment in an investment fund using the NAV per share of the investment (or its equivalent) without further adjustment if the NAV per share of the investment is determined in accordance with FASB ASC 946-10 as of the reporting entity's measurement date.

Accordingly, the College uses the NAV as reported by the money managers as a practical expedient, to determine the fair value of investments in investment funds which a) do not have a readily determinable fair value, and b) either have the attributes of an investment fund or prepare their financial statements consistent with the measurement principles of an investment fund. At June 30, 2022 and 2021, the fair value of all such investments in investment funds has been determined by using NAV as a practical expedient.

The fair value of cash and cash equivalents, employee mortgages and home assistance purchase loans, and receivables approximate their respective carrying amounts. The fair value of cash equivalents is based on amortized cost or the quoted market price of the underlying securities. Determination of the fair value of the student loans receivable, which are primarily federally sponsored student loans, could not be made without incurring excessive costs; these loans are valued at cost.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Investments and Other Financial Instruments (Continued)

The estimated fair value of the College’s liability related to its interest rate swap agreement was provided by the relevant counterparty to the transaction and the methodology for valuation was tested independently. This valuation represents the counterparty’s current economic assessment of the transaction or instrument as of the date specified. The fair value assessment is typically derived all or in part from model prices, external sources, or market prices.

Investments are exposed to various risks such as market, interest rate and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in values of investments could occur in the near term and that such change could materially affect the investment balances and activity included in the financial statements.

Endowment Investment Policies and Spending

The College’s endowment investment policies are designed to enhance the real (inflation adjusted) purchasing power of the endowment while providing a relatively predictable and growing stream of real revenues in line with the spending needs of the College. Assets are broadly diversified over both traditional and alternative investments to provide reasonable assurance that no single security or class of assets will have a disproportionate impact on the total portfolio. Recognizing the more favorable growth potential of equities compared to fixed income investments over long periods of time, a majority of the College’s endowment assets normally will be committed to equity investments. A committee of the board of managers is responsible for oversight of the endowment and for engaging the services of professional investment managers to manage the endowment on a day-to-day basis.

Most of the College’s endowment and similar funds are subject to an internal spending policy that determines the amount available for operations each year. The policy, which excludes the William Maul Measey Trust from the calculation, provides for increasing the prior year’s payout amount by 4.00%, subject to a ceiling of 5.00% and a floor of 3.75% in terms of increasing the prior year’s payout compared to a preceding 12-quarter average market value of the funds’ investments. A draw on a portion of the College’s endowment without donor restrictions may be further utilized pursuant to the terms and purposes designated by the board. The distribution percentages based upon the average of the three previous years’ endowment balance, excluding the William Maul Measey Trust and special purposes designated by the board, were 4.59% and 4.92% for 2022 and 2021, respectively. The overall combined percentage, including the William Maul Measey Trust, based upon the average of the three previous years’ endowment and similar assets, were 4.74% and 5.10% for 2022 and 2021, respectively.

The Commonwealth of Pennsylvania has not adopted the Uniform Management of Institutional Funds Act (UMIFA) or the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Investment Policies and Spending (Continued)

Rather, the Pennsylvania Uniform Principal and Income Act (Pennsylvania Act) governs the investment, use, and management of the College's Endowment funds. Commonwealth of Pennsylvania law permits the College to define as income each year a portion of these net realized gains. Commonwealth of Pennsylvania law permits the College to spend annually from its endowment funds held in perpetuity from 2% to 7% of the fair market value of these funds, averaged over a period of three or more preceding years, provided that the percentage selected by the board of managers is consistent with the long-term preservation of the real value of the endowment funds.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires College to retain as a fund of perpetual duration. College has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

Student Financial Assistance Programs

The College participates in various student financial assistance programs administered by the U.S. Department of Education. The related activity is subject to audit both by independent certified public accountants and by representatives of the administering agency regarding compliance with applicable regulations. Any resultant findings of noncompliance could potentially result in the required return of related funds received and/or the assessment of fines and penalties, or the discontinuation of eligibility for participation.

Income Taxes

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2022, the College had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The College files information tax returns in the United States of America and various states. The College is generally no longer subject to federal and state tax examinations by tax authorities for years before 2018.

Use of Estimates

The preparation of the College's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

Presentation and Reclassifications

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

(DOLLARS IN THOUSANDS)

NOTE 3 LIQUIDITY

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

As of June 30, the College has the following financial assets available for expenditure within one year:

	2022	2021
Cash and cash equivalents	$ 4,609	$ 2,404
Short term investments	20,372	24,606
Accounts receivable	2,603	2,696
Endowment draw for operations	27,990	26,489
Total	$ 55,574	$ 56,195

The College has two revolving lines of credit in the aggregate amount of $35,000 which it could draw upon (Note 16).

The College's governing board has designated a portion of its resources to function as endowment and for other purposes and totals $152,719 and $153,323 at June 30, 2022 and 2021, respectively. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board. These monies are included within the College's endowment and similar assets on the statements of financial position.

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to our customers (students), in an amount that reflects the consideration we expect to be entitled in exchange for those goods or services.

The following table shows the College's tuition and fee revenue disaggregated according to the timing of the transfer of service and by source for the year ended June 30:

	2022	2021
Revenue Recognized Over Time:		
Tuition	$ 85,729	$ 75,506
Fees	1,056	972
Total	$ 86,785	$ 76,478

(DOLLARS IN THOUSANDS)

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Revenue Recognition (Continued)

The following table shows the College's room and board revenues disaggregated according to the timing of the transfer of service and by source for the year ended June 30:

	2022	2021
Revenue Recognized Over Time:		
Housing (room)	$ 13,768	$ 8,784
Dining (board)	6,917	4,894
Total	$ 20,685	$ 13,678

The College's contract assets and liabilities consist of the following at June 30:

	2022	2021
Revenue Recognized Over Time:		
Accounts receivable - student	$ 3	$ 16
Deferred revenue - student	303	407

Performance Obligations and Revenue Recognition

The College has two academic terms; fall and spring. Tuition revenue is recognized in the fiscal year in which the academic programs are delivered, pro rata over the term of the related semester. Room and Board revenue is recognized in the fiscal year in which housing and food services are provided, pro rata over the term of the related semester. Any payments received prior to fiscal year-end related to academic terms that occur subsequent to fiscal year-end are recorded as deferred revenue in the accompanying statements of financial position.

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. Arrangements for payment are agreed to prior to registration of the student's first academic term. Generally, payments for tuition and fees, and room and board are due approximately two weeks prior to the start of the academic terms. Students may also enter into a payment plan in which payment is due at predetermined dates during the course of a semester. Many students obtain Title IV or other financial aid resulting in the College receiving a significant amount of the transaction price at the beginning of the academic term.

Transaction Price

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services. Tuition, fees, and room and board are reported at established rates, net of financial assistance provided by the College.

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Transaction Price (Continued)

Students may receive discounts, scholarships, or refunds, which gives rise to variable consideration. The amount of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is reduced directly by these discounts or scholarships from the amount of the standard rates charged. Students who adjust their course load or withdraw completely within the first 10 weeks of the academic term (add/drop period) may receive a full or partial refund in accordance with the College's refund policy. Generally, the refund decreases approximately 10% per week up to and including week 10 of class.

Contract Balances

Tuition, fees, room and board are recognized in the period classes and services are provided and amounts received for future periods are reported as deferred revenue. Students are billed at the beginning of each academic term and payment is due at that time. The College's performance obligations are to provide educational services in the form of instruction as well as housing facilities and meals during the academic term. As these performance obligations are satisfied over the academic term, deferred revenue is reduced. A significant portion of student payments are from Title IV financial aid and other programs and are generally received during the first month of the respective term. When payments are received, accounts receivable is reduced.

Deferred revenue represents students who prepaid their tuition and will be recognized over the fiscal year in which academic programs are delivered, pro rata over the term of the related semester.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give from donors, collectible in future years. Contributions receivable are recorded after discounting to the present value of the expected future cash flows. Significant fluctuation in the discount rates utilized in this calculation could result in a material change. The discount is computed using an estimated market interest rate that approximates the expected return of an intermediate term bond portfolio for a similar time horizon. This rate was 1.97% at June 30, 2022 and 1.94% as of June 30, 2021. An allowance for uncollectible contributions is provided based upon management's judgment of the collectability of outstanding pledges.

(DOLLARS IN THOUSANDS)

NOTE 5 CONTRIBUTIONS RECEIVABLE (CONTINUED)

Contributions receivable at June 30 are expected to be realized and have been recorded as follows:

	2022	2021
Unconditional Promises Expected to be Collected:		
Within one year	$ 1,489	$ 2,501
Between one and five years	1,708	2,440
After five years	133	535
Total	3,330	5,476
Less:		
Present value discount	(123)	(304)
Allowance for uncollectible contributions receivable	(160)	(257)
Write-off's	(619)	(34)
Total	$ 2,428	$ 4,881

NOTE 6 SPONSORED PROJECTS

The College recognized operating revenues from sponsored awards as follows for the years ended June 30:

	2022			2021		
	Direct	Indirect	Total	Direct	Indirect	Total
Provided for:						
Research	$ 2,475	$ 624	$ 3,099	$ 2,227	$ 484	$ 2,711
Other sponsored projects	563	2	565	460	10	470
Total	$ 3,038	$ 626	$ 3,664	$ 2,687	$ 494	$ 3,181
	Direct	Indirect	Total	Direct	Indirect	Total
Provided by:						
Federal agencies	$ 2,154	$ 578	$ 2,732	$ 1,982	$ 482	$ 2,464
State agencies	16	-	$ 16	2	-	$ 2
Private organizations	868	48	$ 916	703	12	$ 715
Total	$ 3,038	$ 626	$ 3,664	$ 2,687	$ 494	$ 3,181

As of June 30, 2022 and 2021, the College had advanced receipts of $536 and $588, respectively, and unexpended awards of approximately $4,376 and $5,407, respectively, for which funding has not been received. Revenue for these awards will be recognized as their associated conditions are fulfilled (i.e. qualifying expenses are incurred). Funding for federally sponsored research and other programs is received from the U.S. government, as well as from other colleges and universities and private organizations that subcontract sponsored research to the College. The College's primary sources of federal research support are the Department of Defense and the National Science Foundation.

(DOLLARS IN THOUSANDS)

NOTE 7 INVESTMENTS

The fair values of the College's short-term and long-term investments at June 30 were as follows:

	2022			
	Short-Term Investments	Endowed and Similar Assets	Planned Giving Agreements	Total
Domestic equity funds	$ 131	$ 162,523	$ 4,074	$ 166,728
International equity funds	144	119,545	2,551	122,240
Fixed income funds	6,090	42,695	3,726	52,511
Hedge funds	-	100,398	-	100,398
Real assets	-	48,301	-	48,301
Private equity and venture capital partnerships	-	125,064	-	125,064
Cash and cash equivalents	14,007	20,450	246	34,703
Total	$ 20,372	$ 618,976	$ 10,597	$ 649,945

	2021			
	Short-Term Investments	Endowed and Similar Assets	Planned Giving Agreements	Total
Domestic equity funds	$ 200	$ 202,459	$ 5,956	$ 208,615
International equity funds	171	144,001	3,687	147,859
Fixed income funds	6,426	55,276	5,291	66,993
Hedge funds	-	91,845	-	91,845
Real assets	-	37,803	-	37,803
Private equity and venture capital partnerships	-	96,524	-	96,524
Cash and cash equivalents	17,809	13,577	298	31,684
Total	$ 24,606	$ 641,485	$ 15,232	$ 681,323

One index manager held 24% and 27% of the College's investments at June 30, 2022 and 2021, respectively.

The College is the trustee of the William Maul Measey Trust (the Trust), which was established by an agreement dated June 27, 1952, and supplemented on April 26, 1956. Pursuant to the trust agreement, the College is entitled to 10% of the gross income to cover expenses for administration of the Measey Trust and 50% of the gross income for aid to the students. The remaining 40% of the gross income is distributed to certain types of secondary schools and/or certain types of colleges. Gross income is defined in the Trust as dividend and interest income.

Further, the College entered into a subordinate trust agreement dated August 9, 2010 with an investment manager. Per the terms of this agreement, the investment manager assumes administrative duties and must invest the Trust's assets in accordance with the subordinate agreement.

(DOLLARS IN THOUSANDS)

NOTE 7 INVESTMENTS (CONTINUED)

Because of this arrangement, the College has recorded only the 60% of the Trust within its financial statements and the Trust is recorded in Endowments and similar assets. The College's portion of the fair value of the Trust was $100,106 and $118,578 at June 30, 2022 and 2021, respectively. If the College would have recorded 100% of the Trust's assets, its endowment and similar assets would have increased by $67,818 and $79,052 as of June 30, 2022 and 2021, respectively, and its liabilities associated with the 40% payable to other entities, would have increased by the same amounts, respectively.

On April 12, 2021, the Court of Common Pleas of Delaware County, Pennsylvania, Orphans Court Division granted the College as trustee of the Trust under deed of William Maul Measey a petition to modify administrative provisions to remove investment restrictions. Specifically, the petition allows the College to more broadly invest the Trust similar to other endowed funds of the College, and to elect a total return investment and distribution policy following the College's spending policy. Management plans on implementing the provisions allowed under this petition during fiscal year 2023.

NOTE 8 ENDOWMENT NET ASSETS

Changes in Endowment and Similar Funds' net assets for the years ending June 30 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at June 30, 2020	$ 126,745	$ 376,692	$ 503,437
Contributions	232	6,164	6,396
Transfers and other adjustments	(84)	184	100
Subtotal	126,893	383,040	509,933
Net realized and unrealized losses	35,570	121,073	156,643
Interest and dividends	715	1,716	2,431
Investment expenses	(345)	(829)	(1,174)
Net investment loss	35,940	121,960	157,900
Investment return appropriated for spending	(9,510)	(16,838)	(26,348)
Net loss in excess of spending	26,430	105,122	131,552
Endowment Net Assets at June 30, 2021	153,323	488,162	641,485
Contributions	-	8,791	8,791
Transfers and other adjustments	7,351	797	8,148
	160,674	497,750	658,424
Net realized and unrealized gains	(31)	(19,674)	(19,705)
Interest and dividends	1,929	5,843	7,772
Investment expenses	(326)	(809)	(1,135)
Net Investment Earnings	1,572	(14,640)	(13,068)
Investment return appropriated for spending	(9,525)	(16,855)	(26,380)
Net earnings in excess of spending	(7,953)	(31,495)	(39,448)
Endowment Net Assets at June 30, 2022	$ 152,721	$ 466,255	$ 618,976

(DOLLARS IN THOUSANDS)

NOTE 8 ENDOWMENT NET ASSETS (CONTINUED)

The total return of the College's Endowment and Similar Assets (consisting of investment gains and losses and dividends and interest, net of expenses) was a loss of 2.4% and a gain of 31.6% for the fiscal years ended June 30, 2022 and 2021, respectively.

NOTE 9 PLANT AND EQUIPMENT

The components of plant and equipment at June 30 were as follows:

	2022	2021
Land and land improvements	$ 19,339	$ 19,047
Buildings and building improvements	299,459	281,889
Equipment	39,568	37,970
Library books	13,685	13,448
Works of art and similar assets	5,710	5,784
	377,761	358,138
Accumulated depreciation	(186,688)	(177,636)
	191,073	180,502
Construction-in-progress	902	14,153
	$ 191,975	$ 194,655
Depreciation expense	$ 9,324	$ 9,073
Capitalized interest	$ 233	$ 214

NOTE 10 LONG-TERM DEBT

Long-term debt at June 30 consisted of the following:

Description	2022	2021
Delaware County Authority Revenue Bonds, Series 2017A, net of unamortized premiums of $9,244 and $9,625 at June 30, 2022 and 2021, respectively.	$ 104,259	$ 105,780
Delaware County Authority Revenue Bonds, Series 2017B, net of unamortized costs of $93 and $97 at June 30, 2022 and 2021, respectively.	29,751	29,748
Delaware County Authority Revenue Bonds, Series 2021, net of unamortized costs of $141 and $149 at June 30, 2022 and 2021, respectively.	8,288	8,891
Total	$ 142,298	$ 144,419

(DOLLARS IN THOUSANDS)

NOTE 10 LONG-TERM DEBT (CONTINUED)

The College has scheduled principal payments due in each of the next five fiscal years and thereafter, as shown below:

Year Ended June 30,	Amount
2023	$ 2,530
2024	2,716
2025	2,911
2026	3,121
2027	3,341
Thereafter	118,669
Subtotal	133,288
Unamortized bond premiums and costs	9,010
Total	$ 142,298

2017A and 2017B Bonds

In February 2017, the College issued $98,315 and $29,845 in 2017A and 2017B bonds, respectively. The proceeds from the sale of the 2017A Bonds were used to partially refund other bonds. In addition, the proceeds of the Series 2017A Bonds were placed into an irrevocable escrow account held by the trustee (Escrow Agent) to advance refund the legally defeased 2010 and 2010A Bonds. The 2017A Bonds have interest rates from 3.0% to 5.0% depending upon the maturity dates, which range from 2018 to 2047 in amounts from $300 to $6,590. Interest is payable semi-annually.

The proceeds from the 2017B Bonds were used to refund other bonds. In addition, the 2017B bond proceeds were transferred to a project fund to be used to reimburse and pay for capital projects, including renovations to Sharpless Hall, the Visual, Cultural, Arts, and Media Building, the lower level of the dining center and other capital improvements to various academic, administrative, residential or athletic facilities, as well as for the implementation of new information technology and data systems, and telephone and communication systems. The 2017B Bonds have variable interest rates as a percentage of three-month LIBOR plus spread. Interest is payable monthly.

2020 Bonds

In March 2020, the College issued $9,125 in fixed rate Revenue Bonds. The proceeds from the sale of the 2020 Bonds was used exclusively to refund the remaining 2010 Bonds and pay the cost of issuance. The 2020 Bonds have an interest rate of 2.05%. The final maturity date of the 2020 Bonds is 2041.

Under the bond indentures, the College is subject to certain covenants, which among other things require the College to meet certain financial and debt service coverage tests. The College was in compliance with such financial covenants as of June 30, 2022.

NOTE 10 LONG-TERM DEBT (CONTINUED)

Swap Agreements

The College had previously entered into a swap agreement with Deutsche Bank (DB) that became effective November 15, 2010 and was amended as of February 2018. The notional principal amount of $29,845 remains and is scheduled to amortize according to a revised schedule through October 1, 2030. Pursuant to the amended DB Swap Agreement, the College pays DB a fixed rate of 5.497% on the notional amount outstanding and DB pays the College a variable rate, on the same notional amount, based on 75% of the three-month London Interbank Offered Rate (LIBOR).

In February 2017, the College entered into an interest rate management agreement with Barclays Bank, PLC. The Barclays swap agreement is also used to hedge the College's interest costs on its 2017B Bonds. The Barclays swap starts on October 1, 2020 and has a maturity date of October 1, 2046. The Barclays swap has an amortization schedule that varies over its duration to align with the DB swap and the 2017B Bonds. Once the swap commences, the College will pay a fixed rate of 2.229% and will receive a floating rate of 75% of three-month LIBOR.

The two swaps had an estimated fair value (representing a liability) of $3,624 and $9,416 at June 30, 2022 and 2021, respectively. The original and amended DB and Barclays swap agreements contain certain derivative risks.

NOTE 11 CONDITIONAL ASSET RETIREMENT OBLIGATION

The College has asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities at the time of disposal of certain capital assets. The liability was initially recorded at fair value, and is adjusted for accretion expenses and changes in the amount or timing of cash flows. The corresponding asset retirement costs are capitalized as part of the carrying values of the long-lived assets and depreciated over the useful lives of the assets. The discount rate is 5.00% for 2022 and 2021. The liability, which is included in other liabilities on the statement of financial position, relates to estimated costs to remove asbestos that is contained within the College's facilities, and is $752 and $729 for the years ended June 30, 2022 and 2021, respectively. For the year ended June 30, 2022, approximately $0 of liabilities were settled and $24 of accretion expense was incurred. For the year ended June 30, 2021, approximately $-0- of liabilities were settled and $35 of accretion expense was incurred.

NOTE 12 FAIR VALUE MEASUREMENTS

The College measures and categorizes its financial assets and liabilities based on a three-level hierarchy. Assets and liabilities are classified within a three-level hierarchy based on the lowest level of pricing transparency that is significant to the determination of fair value and is not necessarily indicative of relative level risk.

(DOLLARS IN THOUSANDS)

NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables summarize the College's financial assets and liabilities measured at fair value as of June 30:

	2022			
	Level 1	Level 2	Level 3	Totals
Assets:				
Domestic equity funds	$ 8,220	$ -	$ -	$ 8,220
International equity funds	59,157	-	-	59,157
Fixed income funds	52,511	-	-	52,511
Measey Trust	-	-	100,106	100,106
Assets held in trusts by others	-	-	4,235	4,235
subtotal financial assets	$ 119,888	$ -	$ 104,341	224,229
Investments measured at fair value Using net asset value per share				395,248
Cash and cash equivalents included in Short-term and long-term investments				34,703
Total assets				$ 654,180
Liabilities:				
Interest rate swap	$ -	$ 3,624	$ -	$ 3,624
Total financial liabilities	$ -	$ 3,624	$ -	$ 3,624

	2021			
	Level 1	Level 2	Level 3	Totals
Assets:				
Domestic equity funds	$ 10,711	$ -	$ -	$ 10,711
International equity funds	65,172	-	-	65,172
Fixed income funds	66,993	-	-	66,993
Measey Trust	-	-	118,578	118,578
Assets held in trusts by others	-	-	4,861	4,861
subtotal financial assets	$ 142,876	$ -	$ 123,439	266,315
Investments measured at fair value Using net asset value per share				388,185
Cash and cash equivalents included in Short-term and long-term investments				31,684
Total assets				$ 686,184
Liabilities:				
Interest rate swap	$ -	$ 9,416	$ -	$ 9,416
Total financial liabilities	$ -	$ 9,416	$ -	$ 9,416

(DOLLARS IN THOUSANDS)

NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)

The changes in financial assets and liabilities measured at fair value using Level 3 inputs for the year ended June 30, 2022 were as follows:

	Beginning Balance at June 30, 2021	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Purchase and Sales (Net)	Transfers In (Out) of Level 3	Ending Balance at June 30, 2022
Assets held in:						
Measey Trust	$ 118,578	$ 1,214	$ (18,150)	$ -	$ (1,536)	$ 100,106
Trust by others	4,861	-	(537)	-	(89)	4,235
Total assets	$ 123,439	$ 1,214	$ (18,687)	$ -	$ (1,625)	$ 104,341
Interest rate swap	$ (9,416)	$ 5,792				$ (3,624)
Total Liabilities	$ (9,416)	$ 5,792	$ -	$ -	$ -	$ (3,624)

The changes in financial assets and liabilities measured at fair value using Level 3 inputs for the year ended June 30, 2021 were as follows:

	Beginning Balance at June 30, 2020	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Purchase and Sales (Net)	Transfers In (Out) of Level 3	Ending Balance at June 30, 2021
Assets held in:						
Measey Trust	$ 84,396	$ 2,714	$ 33,090	$ -	$ (1,622)	$ 118,578
Trust by others	4,478	-	671	-	(288)	4,861
Total Assets	$ 88,874	$ 2,714	$ 33,761	$ -	$ (1,910)	$ 123,439
Interest rate swap	$ (13,884)	$ 4,468	$ -	$ -	$ -	$ (9,416)
Total Liabilities	$ (13,884)	$ 4,468	$ -	$ -	$ -	$ (9,416)

Instrument	Fair Value 2022	Fair Value 2021	Principal Valuation Technique	Unobservable Inputs
Measey Trust	$ 100,106	$ 118,578	FMV of trust instruments	Value of underlying assets
Trust by others	4,235	4,861	FMV of trust instruments	Value of underlying assets

The College follows guidance related to the fair value measurement standard that was issued for estimating the fair value of investments in investment companies (limited partnerships) that have a calculated value of their capital account or NAV in accordance with, or in a manner consistent with GAAP. As a practical expedient, the College is permitted under GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with GAAP. The College's investments in private equity, natural resources, real estate and certain hedge funds in the absolute return portfolio are fair valued based on the most current NAV received adjusted for cash flows when the reported NAV is not at the measurement date.

(DOLLARS IN THOUSANDS)

NOTE 12 FAIR VALUE MEASUREMENTS (CONTINUED)

The College performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with GAAP. The College has assessed factors including, but not limited to, managers' compliance with Fair Value Measurement standard, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date. The guidance also requires additional disclosures to enable users of the financial statements to understand the nature and risk of the College's investments.

The following table details the amount of the College's unfunded commitments related to investments at June 30, 2022 and the terms and conditions upon which the College may redeem its investments for each major category of investment measured at fair value using net asset value per share as a practical expedient that have redemption restrictions.

Category	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge funds/absolute return				
Credit/distressed	$ 26,717	$ 10,005	Quarterly/Annually/Illiquid	10 days/90 days/ n/a
Long/short	21,672	-	Monthly/Wind-Down	*
Open mandate/multi-strategy	53,421	-	Monthly/Quarterly	14-30 days/ 65 days notice
Private equity				
Private equity and fund-of-funds	89,233	51,027	Illiquid	n/a
Venture capital and fund-of-funds	34,408	25,652	Illiquid	n/a
Mezzanine/private debt	-	-	Illiquid	n/a
Distressed debt	11	-	Illiquid	n/a
Real assets				
Real estate	48,301	21,341	Illiquid	n/a
Domestic equity	58,402	-	Daily/**	1-2 days/ **
International equity	63,083	-	Daily/Weekly/Monthly	3-30 days
Total	$ 395,248	$ 108,025		

*One fund is in wind-down and is considered illiquid. Two funds allow monthly redemption with 60 days' notice.

**One fund has a rolling three year lock-up with 150 days' notice or 5% draw annually.

(DOLLARS IN THOUSANDS)

NOTE 13 NET ASSETS

The composition of net assets was as follows at June 30:

Nature of Specific Net Assets	Without Donor Restrictions	With Donor Restrictions	2022 Total Net Assets
Undesignated	$ 45,248	$ -	$ 45,248
Designated	6,500	-	6,500
Purpose restrictions	-	12,607	12,607
Contributions receivable, planned giving, and outside trusts	1,203	9,431	10,634
William Maul Measey Trust	-	100,106	100,106
Endowment funds	152,720	366,151	518,871
Total	$ 205,671	$ 488,295	$ 693,966

Nature of Specific Net Assets	Without Donor Restrictions	With Donor Restrictions	2021 Total Net Assets
Undesignated	$ 27,385	$ -	$ 27,385
Designated	9,487	-	9,487
Purpose restrictions	-	23,452	23,452
Contributions receivable, planned giving, and outside trusts	2,881	14,880	17,761
William Maul Measey Trust	-	118,578	118,578
Endowment funds	153,792	369,115	522,907
Total	$ 193,545	$ 526,025	$ 719,570

NOTE 14 RETIREMENT PLANS

The College has a defined contribution pension plan for eligible faculty, administration, and staff employees (the Pension Plan). The participants' interests are fully vested and the College funds the Pension Plan each year. The College's contributions to the Pension Plan, based on 10% of eligible salaries and amounted to $4,041 and $3,389 in 2022 and 2021, respectively

The College also has a defined contribution postretirement healthcare plan for eligible faculty, administration, and staff employees whom are at least 40 years of age (the Healthcare Plan). The College funds the plan each year; however, College contributions are forfeited back to the College for employees who leave without having seven years' service with the College. The College's contributions to this plan were $387 and $406 in 2022 and 2021, respectively.

Both the Pension Plan and the Healthcare Plan permit additional employee contributions.

(DOLLARS IN THOUSANDS)

NOTE 15 EXPENSES BY NATURE AND FUNCTION

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the College. These expenses are allocated based on gross square footage and include depreciation, interest, plant operations and maintenance, and campus safety operations. Total expenses include all operating expenses. Fundraising expense was $4,084 and $3,732 for June 30, 2022 and 2021 and is included in Institutional Support.

Functional expenses by natural classification as of June 30, 2022 were as follows:

	Instruction	Research	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Total Expense
Salaries and benefits	$ 26,107	$ 1,550	$ 4,900	$ 8,493	$ 7,067	$ 16,698	$ 64,815
Operating expenses	4,264	2,636	3,750	3,752	7,794	12,825	35,021
Depreciation	2,022	225	472	1,248	4,812	544	9,323
Interest on indebtedness	1,328	148	310	819	3,161	358	6,124
Total	33,721	4,559	9,431	14,311	22,834	30,426	115,283
Plant operation and maintenance	3,765	418	878	2,322	-	(7,384)	-
Campus safety	592	66	138	365	-	(1,161)	-
Total expenses	$ 38,079	$ 5,043	$ 10,447	$ 16,999	$ 22,834	$ 21,881	$ 115,283

Functional expenses by natural classification as of June 30, 2021 were as follows:

	Instruction	Research	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Total Expense
Salaries and benefits	$ 26,050	$ 1,425	$ 4,813	$ 7,635	$ 6,559	$ 16,345	$ 62,827
Operating expenses	2,552	2,308	3,102	2,526	5,235	10,554	26,277
Depreciation	1,961	218	457	1,209	4,699	529	9,073
Interest on indebtedness	1,313	146	306	810	3,146	355	6,076
Total	31,876	4,097	8,678	12,180	19,639	27,783	104,253
Plant operation and maintenance	3,631	403	846	2,240	-	(7,120)	-
Campus safety	705	78	164	435	-	(1,382)	-
Total expenses	$ 36,212	$ 4,578	$ 9,688	$ 14,855	$ 19,639	$ 19,281	$ 104,253

NOTE 16 COMMITMENTS, CONTINGENCIES, AND RELATED-PARTY TRANSACTIONS

The College's commitment to fund certain endowment limited partnerships is disclosed in Note 13.

As of June 30, 2022, the College has outstanding construction and professional commitments totaling approximately $973 for the replacement of a chiller serving three buildings.

From time to time, in its ordinary course of business, the College may be subject to various legal matters, including threatened or pending litigation. With the review and advice of counsel, management is not aware of any pending or threatened litigation that is likely to have a material adverse effect on the financial condition of the College.

The College has two lines of credit with two separate financial institutions for an amount of up to $15,000 and $20,000 each that are available for general College expenses. The lines of credit expire on May 1, 2025 and January 20, 2025, respectively. There were no outstanding amounts at June30, 2022 and 2021, respectively.

NOTE 17 SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through November 1, 2022, the date on which the financial statements were issued. No significant subsequent events were noted.

NOTE 18 COMPOSITE SCORE

The College participates in various federally funded student financial aid programs. Under regulatory provisions of these programs, the College is required to demonstrate financial responsibility by meeting a certain composite score based on a formula developed by the Department of Education. This score uses financial ratios based on the College's audited financial statements. The composite score calculated reflects the overall relative financial health of the institutions along a scale of negative 1.0 to positive 3.0.

(DOLLARS IN THOUSANDS)

NOTE 18 COMPOSITE SCORE (CONTINUED)

The composite score for the year ended June 30, 2022 is as follows:

Primary Reserve Ratio:		
Expendable Net Assets	$ 170,093	
Total Expenses/Losses	$ 115,283	1.48
Equity Ratio:		
Modified Net Assets	$ 693,966	
Modified Assets	$ 858,347	0.81
Net Income Ratio:		
Change in Net Assets Without Donor Restrictions	$ 12,595	
Total Revenues/Gains	$ 124,670	0.10

	Ratios	Strength Factors	Weight	Composite Scores
Primary Reserve	1.48	3.0	40%	1.2
Equity	0.81	3.0	40%	1.2
Net Income	0.10	3.0	20%	0.6
Composite Score				3.0

See below for additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV.

Net Assets				
1	Net Assets with Donor Restrictions: Restricted in Perpetuity			$ 317,675
2	Other Net Assets with Donor Restrictions (Not Restricted in Perpetuity):			
		a.	Annuities with Donor Restrictions	$ -
		b.	Term Endowments	153,826
		c.	Life Income Funds (Trusts)	2,695
		d.	Total Annuities, Term Endowments, and Life Income Funds with Donor Restrictions	$ 156,521
Property, Plant, and Equipment, Net				
3	Pre-Implementation Property, Plant, and Equipment, Net			
		a.	Ending Balance of pre-implementation as of June 30, 2021	$ 168,203
		b.	Reclassify Capital Lease Assets Previously Included in PPE, Net Prior to the Implementation of ASU 2016-02 Leases Standard	-
		c.	Less Subsequent Depreciation and Disposals (Net of Accumulated Depreciation)	(8,497)
		d.	Balance Pre-Implementation Property, Plant, and Equipment, Net	159,706
4	Debt Financed Post-Implementation Property, Plant, and Equipment, Net			
			Long-Lived Assets Acquired with Debt Subsequent to June 30, 2019:	
		a.	Equipment	150
		b.	Land Improvements	249
		c.	Building	17,191
		d.	Total Property, Plant, and Equipment, Net Acquired with Debt Exceeding 12 Months	17,590
5	Construction in Progress - Acquired Subsequent to June 30, 2019			-
6	Post-Implementation Property, Plant, and Equipment, Net, Acquired without Debt:			
		a.	Long-Lived Assets Acquired without Use of Debt Subsequent to June 30, 2019	14,679
7	Total Property, Plant, and Equipment, Net - June 30, 2022			$ 191,975

(DOLLARS IN THOUSANDS)

NOTE 18 COMPOSITE SCORE (CONTINUED)

Debt to be Excluded from Expendable Net Assets

8	Pre-Implementation Debt:			
	a.	Ending Balance of pre-implementation as of June 30, 2021	$	144,419
	b.	Reclassify Capital Leases Previously Included in Long-Term Debt Prior to the Implementation of ASU 2016-02 Leases Standard		-
	c.	Less Subsequent Debt Repayments		(2,121)
	d.	Balance Pre-Implementation Debt		142,298
9	Allowable Post-Implementation Debt Used for Capitalized Long-Lived Assets:			
	a.	Equipment - All Capitalized		-
	b.	Land Improvements		-
	c.	Buildings		-
	d.	Balance Post-Implementation Debt		-
10	Construction in Progress (CIP) Financed with Debt or Line of Credit			-
11	Long-Term Debt not for the Purchase of Property, Plant, and Equipment or Liability Greater than Assets Value		$	142,298

12 Terms of Current Year Debt and Line of Credit for PPE Additions:

	Issue Date	Maturity Date	Nature of Capitalized Amounts	Amount Capitalized
a.	Sept 25, 2019	Sept 25, 2024	Equipment	$ -
b.	Sept 25, 2019	Sept 25, 2024	Land Improvements	-
c.	Sept 25, 2019	Sept 25, 2024	Buildings	-
		5 year term(from original maturity)		$ -

Lease Right-of-Use Assets and Liabilities

13	Lease Right-of-Use Assets Right-of-Use Assets as of Balance Sheet Date June 20, 2022	$	-
14	Lease Right-of-Use Assets - Pre-Implementation Right-of-Use Assets as of Balance Sheet Date June 20, 2022, Excluding Leases Entered into Before December 15, 2018		-
15	Lease Right-of-Use Assets - Post-Implementation Right-of-Use Assets as of Balance Sheet Date June 20, 2022, Excluding Leases Entered into on or After December 15, 2018		-
16	Lease Right-of-Use Liability Lease Liabilities as of Balance Sheet Date June 20, 2022		-
17	Lease Right-of-Use Liability - Pre-Implementation Lease Liabilities as of Balance Sheet Date June 20, 2022, Excluding Leases Entered into Before December 15, 2018		-
18	Lease Right-of-Use Liability - Post-Implementation Lease Liabilities as of Balance Sheet Date June 20, 2022, Excluding Leases Entered into on or After December 15, 2018		-

(DOLLARS IN THOUSANDS)

NOTE 18 COMPOSITE SCORE (CONTINUED)

Unsecured Related-Party Receivables			
19	Secured Related-Party Receivables		-
20	Unsecured Related-Party Receivables		-
21	Total Secured and Unsecured Related-Party Receivables	$	-
Sale of Fixed Assets (if Loss)			
22	Loss on Sale of Fixed Assets	$	-
23	Remaining Balance in Expense Category in which Loss on Sale of Assets is		-
	Included on SOA		-
24	Expense Category in which Loss on Sale of Assets is Included on SOA	$	-
Sale of Fixed Assets (if Gain)			
25	Gain on Sale of Fixed Assets	$	873
26	Remaining Balance in Nonoperating Other Income Category in which Gain on Sale of Assets is Included		-
27	Other Income Category in which Gain on Sale of Assets is Included on SOA	$	873

THE CORPORATION OF HAVERFORD COLLEGE
FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE
JUNE 30, 2022
(DOLLARS IN THOUSANDS)

	Primary Reserve Ratio:		
		Expendable Net Assets:	
1	Statement of Financial Position (SFP)	Net Assets without Donor Restrictions	$ 205,671
2	SFP	Net Assets with Donor Restrictions	488,295
3	Supplemental Disclosure (SD) Line 1	Net Assets Restricted in Perpetuity	317,675
4	SD Line 20	Unsecured Related-Party Receivable	-
5	SD Line 2d	Donor Restricted Annuities, Term Endowments, Life Income Funds	156,521
6	SD Line 3d	Property, Plant, and Equipment Pre-Implementation	159,706
7	SD Line 4d	Property, Plant, and Equipment Post-Implementation with Outstanding Debt for Original Purchase	17,590
8	SD Line 5	Construction in Progress Purchased with Long-Term Debt	-
9	SD Line 35	Post-Implementation Property, Plant, and Equipment, Net, Acquired without Debt	14,679
10	SD Line 14	Lease Right-of-Use Asset, Pre-Implementation (Grandfather of Leases Option Not Chosen)	-
11	SD Line 15	Lease Right-of-Use Asset, Post-Implementation	-
12	SFP	Intangible Assets	-
13	SFP	Post-Employment and Pension Liabilities	-
14	SD Line 8d	Long-Term Debt for Long-Term Purposes Pre-Implementation	142,298
15	SD Line 9d	Long-Term Debt for Long-Term Purposes Post-Implementation	-
16	SD Line 10	Line of Credit for Construction in Progress	-
17	SD Line 17	Pre-Implementation Right-of-Use Asset Liability	-
18	SD Line 18	Post-Implementation Right-of-Use Asset Liability	-
			170,093
		Total Expenses and Losses:	
19	Statement of Activities (SOA)	Total Expenses (Operating and Nonoperating) without Donor Restrictions	115,283
20	SOA	Non-Service Component of Pension/Postemployment (Nonoperating) Cost, (if Loss)	-
21	SD Line 25	Sale of Fixed Assets (if Loss)	-
22	SOA	Change in Value of Interest-Rate Swap Agreements (if Loss)	-
			115,283
	Equity Ratio:		
		Modified Net Assets:	
23	SFP	Net Assets without Donor Restrictions	205,671
24	SFP	Net Assets with Donor Restrictions	488,295
25	SFP	Intangible Assets	-
26	SD Line 20	Unsecured Related-Party Receivables	-
			693,966
		Modified Assets:	
27	SFP	Total Assets	858,347
28	SD Line 14	Lease Right-of-Use Asset Pre-Implementation	-
29	SFP	Intangible Assets	-
30	SD Line 20	Unsecured Related-Party Receivables	-
			858,347
	Net Income Ratio:		
31	SOA	**Change in Net Assets without Donor Restrictions**	12,595
		Total Revenues and Gains without Donor Restriction:	
32	SOA	Total Operating Revenue (Including Net Assets Released from Restrictions)	116,772
33	SOA	Investments Gain, Net (Aggregate Operating and Nonoperating Interest, Dividends, Realized and Unrealized Gains)	-
34	SOA	Non-Service Component of Pension/Postemployment (Nonoperating) Cost (if Gain)	-
35	SOA	Pension-Related Changes Other than Net Periodic Pension Costs (if Gain)	-
36	SOA	Change in Value of Annuity Agreement (Typically in Nonoperating)	29
37	SOA	Change in Value of Interest-Rate Swap Agreements (if Gain)	5,792
38	SD Line 25	Sale of Fixed Assets (if Gain)	873
39	SOA	Other Gains	-
			123,466