Goucher College

Financial Statements

June 30, 2023 and 2022

Independent Auditors' Report

To the Board of Trustees of
Goucher College

We have audited the financial statements of Goucher College (the College), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 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 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
October 30, 2023

Goucher College

Statements of Financial Position
June 30, 2023 and 2022
(In Thousands)

	2023	2022
Assets		
Cash and cash equivalents	$ 5,706	$ 8,189
Accounts and loans receivable, net	2,689	6,810
Contributions receivable, net	2,127	1,594
Deposits with bond trustee	5,406	2,562
Investments	240,419	242,185
Split-interest agreements	7,004	6,420
Investment in plant assets, net	162,026	166,210
Interest rate swap agreement	2,465	-
Other assets	2,484	1,665
Total assets	$ 430,326	$ 435,635
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	$ 7,036	$ 7,829
Deferred revenues and deposits	2,300	2,663
Payables under split-interest agreements	1,442	1,511
Long-term debt	108,963	100,230
Obligation under interest rate swap agreement	-	2,098
Refundable advances from U.S. government	266	949
Other liabilities	7,532	7,634
Total liabilities	127,539	122,914
Net Assets		
Net assets without donor restrictions	79,500	90,680
Net assets with donor restrictions	223,287	222,041
Total net assets	302,787	312,721
Total liabilities and net assets	$ 430,326	$ 435,635

See notes to financial statements

Goucher College

Statements of Activities
Years Ended June 30, 2023 and 2022
(In Thousands)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Support						
Tuition and fees, net of student aid of $33,964 in 2023 and $33,556 in 2022	$ 19,950	$ -	$ 19,950	$ 23,566	$ -	$ 23,566
Government appropriations	5,655	-	5,655	9,761	1,000	10,761
Contributions	4,493	3,614	8,107	4,498	4,028	8,526
Auxiliary enterprises	13,898	-	13,898	13,566	-	13,566
Other sources	859	81	940	2,708	51	2,759
Endowment assets appropriated for expenditures	18,182	1,543	19,725	10,607	1,341	11,948
Net assets released from restrictions	2,418	(2,418)	-	1,921	(1,921)	-
Total revenues, gains and support	65,455	2,820	68,275	66,627	4,499	71,126
Expenses						
Salaries, wages and fringe benefits	36,011	-	36,011	34,578	-	34,578
Depreciation	8,708	-	8,708	8,604	-	8,604
Utilities, plant and equipment expenses	4,215	-	4,215	2,747	-	2,747
Food service expenses	4,250	-	4,250	3,854	-	3,854
Interest expense on long-term debt	3,925	-	3,925	4,106	-	4,106
Student wages and awards	1,902	-	1,902	3,295	-	3,295
Outside services and independent contractors	5,957	-	5,957	5,037	-	5,037
Student and faculty travel	1,736	-	1,736	969	-	969
Supplies and other	7,021	-	7,021	6,997	-	6,997
Total expenses	73,725	-	73,725	70,187	-	70,187
Revenues, gains and support over (under) expenses	(8,270)	2,820	(5,450)	(3,560)	4,499	939
Other						
Gain on extinguishment of debt	896	-	896	-	-	-
Change in fair value of interest rate swap agreement	2,465	-	2,465	2,332	-	2,332
Net realized and unrealized losses on investments, net of amounts appropriated for expenditures	(7,326)	(519)	(7,845)	(3,523)	(18,845)	(22,368)
Net assets released from restrictions for investment in plant assets	1,055	(1,055)	-	-	-	-
(Decrease) increase in net assets	(11,180)	1,246	(9,934)	(4,751)	(14,346)	(19,097)
Net Assets, Beginning	90,680	222,041	312,721	95,431	236,387	331,818
Net Assets, Ending	$ 79,500	$ 223,287	$ 302,787	$ 90,680	$ 222,041	$ 312,721

See notes to financial statements

Goucher College

Statements of Functional Expenses
Years Ended June 30, 2023 and 2022
(In Thousands)

	Instruction and Departmental Research	General Administration	Student Services	Library	Auxiliary Enterprises	Physical Plant	Total 2023
Salaries, wages and fringe benefits	$ 16,055	$ 8,844	$ 6,149	$ 575	$ 1,216	$ 3,172	$ 36,011
Depreciation	-	-	-	-	-	8,708	8,708
Utilities, plant and equipment expenses	175	145	59	-	150	3,686	4,215
Food service expenses	-	-	-	-	4,250	-	4,250
Interest expense on long-term debt	-	3	-	-	-	3,922	3,925
Student wages and awards	582	78	723	105	414	-	1,902
Outside services and independent contractors	856	1,611	2,644	121	397	328	5,957
Student and faculty travel	946	119	660	1	3	7	1,736
Supplies and other	1,193	5,006	(399)	462	484	275	7,021
Physical plant allocation	5,792	886	1,155	1,420	10,845	(20,098)	-
Total expenses	$ 25,599	$ 16,692	$ 10,991	$ 2,684	$ 17,759	$ -	$ 73,725

	Instruction and Departmental Research	General Administration	Student Services	Library	Auxiliary Enterprises	Physical Plant	Total 2022
Salaries, wages and fringe benefits	$ 16,886	$ 7,837	$ 5,126	$ 644	$ 1,063	$ 3,022	$ 34,578
Depreciation	-	-	-	-	-	8,604	8,604
Utilities, plant and equipment expenses	311	319	117	4	200	1,796	2,747
Food service expenses	-	-	-	-	3,854	-	3,854
Interest expense on long-term debt	-	-	-	-	-	4,106	4,106
Student wages and awards	473	46	2,279	100	396	1	3,295
Outside services and independent contractors	562	1,761	2,099	111	125	379	5,037
Student and faculty travel	514	79	365	7	4	-	969
Supplies and other	1,169	2,809	1,193	492	396	938	6,997
Physical plant allocation	5,423	832	1,084	1,332	10,175	(18,846)	-
Total expenses	$ 25,338	$ 13,683	$ 12,263	$ 2,690	$ 16,213	$ -	$ 70,187

See notes to financial statements

Goucher College

Statements of Cash Flows
Years Ended June 30, 2023 and 2022
(In Thousands)

	2023	2022
Cash Flows From Operating Activities		
Tuition and auxiliary enterprises receipts	$ 33,776	$ 36,401
Government appropriations	6,626	13,984
Contributions received for operating purposes	5,314	4,497
Investment income	243	208
Other sources	172	226
Payments to employees and suppliers	(62,757)	(57,927)
Interest paid	(4,323)	(4,293)
Net cash used in operating activities	(20,949)	(6,904)
Cash Flows From Investing Activities		
Purchases of investments	(6,546)	(40,686)
Proceeds from sales and maturities of investments	19,627	46,656
Purchases of property and equipment	(4,153)	(2,804)
Proceeds from sale of art	2,160	-
Student loan principal payments	75	134
Proceeds from termination of split-interest agreements	7	266
Net cash provided by investing activities	11,170	3,566
Cash Flows From Financing Activities		
Proceeds from contributions restricted for long-term investment	2,730	2,260
Payments of bond principal	(41,501)	(2,636)
Proceeds from bond issue	48,854	(2)
Proceeds from term loan	2,800	-
Payments for bond issuance costs	(509)	-
Payments to terminate interest rate swap agreement	(2,098)	-
Repayment of refundable government loans	(136)	(298)
Decrease in refundable advances from U.S. government	-	(21)
Net cash provided by (used in) financing activities	10,140	(697)
Net increase (decrease) in cash and cash equivalents	361	(4,035)
Cash and Cash Equivalents, Beginning	10,751	14,786
Cash and Cash Equivalents, Ending	$ 11,112	$ 10,751
Supplemental Noncash Disclosure		
Accounts payable and other liabilities relating to property and equipment purchases	$ 106	$ 127
Reconciliation of Cash and Cash Equivalents, Ending		
Cash and cash equivalents	$ 5,706	$ 8,189
Deposits with bond trustee	5,406	2,562
Total cash and cash equivalents	$ 11,112	$ 10,751

See notes to financial statements

1. College and Summary of Significant Accounting Policies

(a) General

Goucher College (Goucher or the College) is a private, nonprofit, liberal arts institution of higher education located in Towson, Maryland. The College provides education and training services to approximately 2,300 students, primarily at the undergraduate level. The majority of full-time students live on campus during the academic year. The College is governed by a Board of Trustees (the Board) assembled from a diverse community of volunteers with experience in finance, business management, government and education.

(b) Basis of Presentation

Net assets, revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College are classified and reported as follows:

Without Donor Restriction - Net assets not subject to donor-imposed restrictions. Contributions includes gifts without restrictions, including those designated by the Board to function as endowment and restricted gifts whose donor-imposed restrictions were met during the fiscal year.

With Donor Restriction - Net assets subject to donor-imposed restrictions that will be met either by actions of the College and/or the passage of time. Included in this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts for buildings and equipment not yet placed into service; split-interest receivables; pledges; and investment returns of donor-restricted endowment funds.

Also included in this category are net assets subject to donor-imposed restrictions that they be maintained permanently by the College, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity (primarily gifts for endowment and providing loans to students) and that only the income be made available for operations. Other items in this net asset category include split-interest receivables for which the ultimate purpose of the proceeds is permanently restricted.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Contributions with restrictions met in the same reporting period are recorded in the net assets without donor restriction class. Restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are placed in service. Clarifications of donor intentions are presented as reclassifications between the applicable classes of net assets in the year known.

The College presents the change in the fair value of the interest rate swap agreement, realized and unrealized gains or losses on investments of the endowment (net of amounts appropriated for expenditure), gain on extinguishment of debt, and the amounts released from restrictions for investment in plant assets in the other category on the statements of activities.

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Significant items subject to such estimates and judgments include actuarial assumptions related to annuities, fair values of investments, interest rate swap valuation and valuation allowances for receivables. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash includes all cash and highly liquid financial instruments with original maturities of three months or less, except for those held for long-term investment. Certain cash held by the College is restricted for the Federal Perkins Loan Fund.

(e) Accounts and Loans Receivable

Accounts and loans receivable consist primarily of interest-bearing loans due under the Perkins Loan program, student accounts receivable and grants receivable from the federal, state and local government programs. Management determines the allowance for doubtful accounts receivable based on historical collection rates, an assessment of economic conditions and a review of subsequent collections. Accounts and loans receivable are written off when deemed uncollectible.

(f) Contributions

Contributions received, including unconditional promises to give, are recognized as revenues in the appropriate category of net assets in the period received. Unconditional promises to give are recognized initially at fair value giving consideration to anticipated future cash receipts and discounting such amounts at a risk-adjusted rate. Amortization of the discount is recorded as contributions revenue. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

(g) Deposits With Bond Trustee

Deposits with bond trustee consist of debt service funds. These funds are invested primarily in short-term, highly liquid securities and will be used for payment of debt service and to fund costs associated with capital improvement projects.

(h) Investments

Investments are stated at fair value, which is generally determined based on quoted or published market prices. Investments in certain common collective trust funds, limited partnership interests and hedge funds (collectively, alternative investments) are stated at estimated fair value based upon the funds' net asset value (NAV) or their equivalents as a practical expedient, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2023 and 2022, the College had no plans or intentions to sell investments at amounts different from NAV. The estimated fair values are reported by the general partners or fund managers and are reviewed and evaluated by the College. These estimated fair values may differ from the values that would have been used had a ready market existed for these investments and the differences could be significant. Investment transactions are accounted for on a trade date basis. Realized gains and losses on sales of securities are determined using the average cost method.

(In Thousands)

Investments are exposed to certain risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, changes in the value of investment securities could occur in the near term and these changes could materially affect the amounts reported in the accompanying financial statements.

(i) Split-Interest Agreements

Split-interest agreements consist of irrevocable charitable remainder trusts and perpetual trusts held by others. At the dates these trusts are established, split-interest agreements and contributions revenue is recognized at the present value of the estimated future benefits to be received. The split-interest agreements are adjusted during the term of the trusts for changes in the value of assets and other changes in the estimates of future benefits, and such changes are recognized as net realized and unrealized gains on investments in the statements of activities.

The College is also trustee of certain assets under split-interest agreements, which provide for payments to the donors or their beneficiaries of income earned on related investments or specified annuity amounts. Assets held under these agreements are included in investments. Contributions revenue is recognized at the dates of the agreements, after providing for the present value of future annuity payments. The change in value of split-interest agreements is included in net realized and unrealized gains (losses) on investments in the statements of activities.

As of June 30, 2023, the College had $1,318 of gift annuity liabilities recorded in payables under split-interest agreements and $1,799 of corresponding investments that have been separately invested, as required by the State of Maryland. As of June 30, 2022, the College had $1,386 of gift annuity liabilities recorded in payables under split-interest agreements and $1,809 of corresponding investments that have been separately invested, as required by the State of Maryland.

(j) Investment in Plant Assets

Investment in plant assets is stated at cost if purchased or at estimated fair value at the date of gift, if donated. Depreciation of the College's plant assets is computed using the straight-line method over 40 years for buildings; 20 years for land and building improvements; and 5 to 20 years for computer equipment, furniture, other equipment and library books. Repairs and maintenance costs are expensed as incurred.

(k) Tuition, Student Financial Aid Programs and Auxiliary Revenues

Tuition and fees, net of student aid, and auxiliary revenues are summarized as follows as of June 30, 2023 and 2022.

	2023			
	Undergraduate	**Graduate**	**Other**	**Total**
Tuition and fees, net of student aid	$ 15,125	$ 4,825	$ -	$ 19,950
Auxiliary enterprises	13,162	55	681	13,898

	2022			
	Undergraduate	**Graduate**	**Other**	**Total**
Tuition and fees, net of student aid	$ 17,868	$ 5,698	$ -	$ 23,566
Auxiliary enterprises	12,861	43	662	13,566

Tuition revenue is recognized in the fiscal year in which the academic programs are delivered, i.e. when the performance obligation is satisfied. Room and board and other ancillary services revenue are recognized when the related service is performed. In addition, withdrawals that occur during the first five weeks of the undergraduate academic term or through 60% of the graduate term may receive a full or partial refund in accordance with the College's refund policy. Historically, refunds have been approximately 0.5% of the total amount billed.

Payments for tuition are due approximately three weeks prior to the start of the academic term, although the College has agreements with several local county school systems which allows for payment for their employees' graduate tuition at the completion of the term. Generally, the College's performance obligations are satisfied equally over the academic term. The College applies the practical expedient as allowed for within the accounting standards, and therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with the completion of the fiscal 23-24 academic year. The College determines the transaction price based on standard charges for goods and services provided approved by the Board reduced by discounts provided relating to institutional scholarships in accordance with the College's policies. Cash payments received in advance of services are deferred.

Summer graduate tuition revenue has been prorated equitably over the related term. Tuition revenue includes revenue related to approximately four weeks of classes that elapsed as of June 30, 2023. The remainder has been included in deferred revenues. Deferred revenues also include payments received for tuition or room and board prior to the start of the fall academic term (see Note 8).

The College provides financial aid to eligible students, generally in a "package" that includes loans, compensation under work-study programs and/or grant and scholarship awards. The loans are provided primarily through programs of the United States government (including direct and guaranteed loan programs) under which the College is responsible only for certain administrative duties. The grants and scholarships include awards provided through gifts and grants from private donors or from income earned on endowment funds restricted for student aid, as well as general funds scholarship awards. Grant and scholarship awards are netted against tuition and fees revenue.

Funds provided by the United States government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collection. Such funds are ultimately refundable to the government. The Extension Act amended Section 461 of the Higher Education Act to end the College's authority to make new Perkins Loans after June 30, 2018. The College assigned $550 of Perkins Loans to the Department of Education (DOE) during 2023. The College is not required to assign the remaining outstanding Perkins Loans to the Department of Education or liquidate their Perkins Loan Revolving Funds due to the wind-down of the Perkins Loan Program, however, the College may choose to liquidate at any time in the future. As of June 30, 2023, the College continues to service the Perkins Loan Program. Approximately 14% of tuition and room and board revenues in 2023 and 2022 were funded by federal student financial aid programs (including loan, grant and work-study programs).

(l) Title IV Requirements

The College participates in student financial assistance programs (Title IV) administered by the United States DOE for the payment of student tuition. Substantial portions of the College's revenue are dependent upon the continued participation in the Title IV programs.

Institutions participating in Title IV programs are required to demonstrate financial responsibility. Financial responsibility is determined 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 1.4 are subject to additional monitoring and institutions receiving a score below 1.0 are required to submit financial guarantees in order to continue participation. The College's composite score exceeded 1.5 in 2023 and 2022.

(m) Tax Status

The College is qualified as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, as amended. Accordingly, the College is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. No provision for income taxes was required for 2023 or 2022.

Management has analyzed the tax positions taken by the College and has concluded that as of June 30, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the accompanying financial statements. The College is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

(n) Deferred Bond Costs and Unamortized Premium

Costs incurred in connection with debt financing and bond premiums are deferred and are amortized over the period the obligation is outstanding using the straight-line method which approximates the effective interest rate method.

(o) Derivative Instruments

The College makes limited use of an interest rate swap agreement to manage interest rate risk associated with variable rate debt. Under the interest rate swap agreement, the College and the counterparty agree to exchange the difference between fixed rate and variable rate interest amounts calculated by reference to specified notional principal amounts during the agreement period. Notional principal amounts are used to express the volume of these transactions, but the cash requirements and amounts subject to credit risk are substantially less. Amounts receivable or payable under the swap agreement are accounted for as adjustments to interest expense on the related debt. The fair value of the swap is presented as an asset or liability on the statements of financial position. The change in the fair value of the swap is recognized in the statements of activities.

Parties to interest rate exchange agreements are subject to market risk for changes in interest rates and risk of credit loss in the event of nonperformance by the counterparty. The agreements include a cross-default provision should the counterparty commit an act of default under certain circumstances.

(p) Financial Instruments and Credit Risk

The College manages deposit concentration risk by placing cash and cash equivalents with financial institutions believed by management to be credit worthy. At times, amounts on deposit may exceed insured limits. To date, the College has not experienced any significant losses on these accounts. Credit risk associated with accounts receivable and contributions receivable is considered limited due to high historical collection rates and because substantial portions of the receivables are due from governmental agencies, and Board members and other donors committed to the mission of the College. Investments are made by diversified investment managers whose performance is monitored by management, the College's investment advisors and the Investment Committee of the Board. Although the fair value of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe the investment policies and guidelines are prudent for the long-term health of the College.

(q) Accounting Standards Not Yet Adopted

During June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU No. 2016-13 (as amended) is effective for the College in fiscal 2024. The College is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its financial statements.

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

Higher Education Emergency Relief Funding

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

Under CARES, the College received one grant comprised of two parts. Under the legislation, no less than 50% of the full grant was to be used for direct emergency aid to students. The remaining portion of the full grant was to be used by institutions to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Institutions were given one calendar year from the date of award in their HEERF Grant Award Notification to complete the performance of their HEERF grant. The College was awarded approximately $1,575 of funding under CARES on April 24, 2020 and all funding was spent and recognized as revenue prior to fiscal year 2022.

Under CRRSAA, institutions received one grant comprised of two parts. Institutions were required to spend an equal amount on student emergency aid as they spent under CARES. The remaining portion was to be used defray expenses associated with coronavirus. Institutions were given one calendar year from the date of award in their HEERF Grant Award Notification to complete the performance of their HEERF grant. Institutions may recognize the institutional portion of the grant to the extent the grant was expended on student relief as of June 30, 2021. The College was awarded approximately $2,466 of funding on January 19, 2021. Approximately $29 and $20 of the student relief portion of the grant was expended and recognized as government appropriations and student wages for the years ended June 30, 2023 and 2022, respectively. As restrictions were met in the same period, these grants were reported as changes in net assets without donor restrictions. The remaining funding was spent and recognized as revenue prior to fiscal year 2022.

Under ARPA, institutions received one grant comprised of two parts. Under the legislation, no less than 50% of the full grant is to be used for direct emergency aid to students. The remaining portion of the full grant is to be used to defray expenses associated with coronavirus, implement evidence-based practices to monitor and suppress coronavirus, and conduct direct outreach to financial aid applications about the opportunity to receive a financial aid adjustment due to a change in circumstance. On May 19, 2021, the College was awarded approximately $4,283 of HEERF under ARPA. Approximately $229 and $1,913 of the student relief portion of the grant was expended and recognized as government appropriations and student wages and awards and approximately $958 and $1,183 of the institutional portion of the grant was expended and recognized as government appropriations, auxiliary enterprise, food service expenses, outside services and independent contractors, and supplies and other as of June 30, 2022 and 2023, respectively.

(In Thousands)

Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the CARES Act and amended by the Consolidated Appropriations Act (CAA) and the ARPA, incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The College qualified for the ERC in 2021 as it experienced a significant decline in gross receipts (defined as a 20% decline in gross receipts when compared to the same quarter in 2019). The College averaged less than 500 FTEs during 2019, therefore, it was considered a small employer during 2021. As a small employer, all of the College's otherwise qualified wages were eligible for the ERC. For 2021, the ERC equaled 70% of an employee's qualified wages up to $10 per employee per calendar quarter with a maximum annual credit of $28 for each employee.

The College accounts for this federal funding in accordance with FASB Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met. The College claimed credits on timely filed Forms 941 and recognized revenue of $161 and $2,950 which are included in government grants in the statement of activities for the years ended June 30, 2023 and 2022, respectively.

3. Accounts and Loans Receivable

Accounts and loans receivable, net are summarized as follows as of June 30, 2023 and 2022:

	2023	2022
Loans to students	$ 207	$ 839
Amounts receivable from federal, state and local governments	1,028	2,734
Amounts receivable from students	1,699	1,332
Other	25	2,286
Total accounts and loans receivable, gross	2,959	7,191
Less allowance for doubtful accounts receivable	270	381
Total accounts and loans receivable, net	$ 2,689	$ 6,810

(In Thousands)

4. Contributions Receivable

Contributions receivable, net are summarized as follows as of June 30, 2023 and 2022:

	2023	2022
Unconditional promises expected to be collected in:		
Less than one year	$ 730	$ 652
One year to five years	1,035	947
Thereafter	703	257
	2,468	1,856
Less allowance for uncollectable pledges	200	130
Less unamortized discount (interest rates ranging from 0.09% to 3.00%)	141	132
Total contributions receivable, net	$ 2,127	$ 1,594

As of June 30, 2023 and 2022, 70% and 57% of contributions receivable, respectively, was due from five donors. 54% and 34%, respectively, of contributions revenue for 2023 and 2022 was received from five donors.

For the year ended June 30, 2023, the College had $10,000 of pledges for which conditions were not yet satisfied, and therefore, no revenue was recorded in the financial statements.

5. Fair Value Measurements

The fair value of the College's financial instruments is determined based on the amount that would be received if an asset were sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date assuming the transaction occurs in the asset's principal (or most advantageous) market. Those fair value measurements maximize the use of observable inputs.

The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted or published prices for identical assets or liabilities in active markets that the College has the ability to access.

Level 2 - Observable inputs other than Level 1 prices 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 full 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.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Investments: The fair value of U.S. treasury fixed income securities, equity mutual funds and certain common collective trust funds are determined using quoted or published market prices at the reporting date multiplied by the quantity on hand. The carrying amount of money market funds approximates the fair value because of the short maturity of these investments and are considered Level 1 inputs. Corporate and municipal fixed income securities are valued using matrix pricing which relies on various benchmarks to determine fair value and are considered Level 2 inputs. The fair value of the College's alternative investments are reported at the NAV reported by the fund managers or general partners, which is used as a practical expedient to estimate the fair value of the College's interest therein. These investments are not included in a level within the fair value hierarchy.

(In Thousands)

Split-interest agreements: The fair value is determined as the present value of future cash flows discounted at an interest rate that reflects the risks inherent in those cash flows 4.2% and 3.60% at June 30, 2023 and 2022, respectively). For remainder trusts, cash flows are based on the contractual payout rates of the agreements over a time period determined based on the current age of the annuitants and the 2012 IAR mortality tables at June 30, 2023 and 2022, respectively. These are considered Level 3 inputs as they reflect the College's own assumptions (see Note 1(i)).

Interest rate swap: The fair value is determined using pricing models developed based on the contractual terms of the swap (Note 9), the current LIBOR or SOFR swap rate and other observable market data. The value is adjusted to reflect nonperformance risk of the counterparty or the College and uses Level 2 inputs.

The following table presents assets and liabilities, which are measured on a recurring basis at fair value, as of June 30, 2023 and 2022:

	2023				
	Total	**Level 1**	**Level 2**	**Level 3**	**NAV (1)**
Financial assets:					
Investments:					
Cash and short-term investments	$ 681	$ 681	$ -	$ -	$ -
Fixed income securities:					
U.S. Treasuries	15,866	15,866	-	-	-
Corporate	12,956	-	12,956	-	-
Municipal	3,057	-	3,057	-	-
Total fixed income	31,879	15,866	16,013	-	-
Mutual funds:					
Developed markets equities	28,322	28,322	-	-	-
Fixed income	356	356	-	-	-
Multi-asset	3,828	3,828	-	-	-
Emerging markets equities	75	75	-	-	-
Total mutual funds	32,581	32,581	-	-	-
Common collective trusts	89,613	27,460	-	-	62,153
Hedge funds	26,242	-	-	-	26,242
Limited partnership interests	59,423	-	-	-	59,423
Total investments	$ 240,419	$ 76,588	$ 16,013	$ -	$ 147,818
Other assets:					
Split-interest agreements	$ 7,004	$ -	$ -	$ 7,004	$ -
Interest rate swap	2,465	-	2,465	-	-

(In Thousands)

	2022				
	Total	**Level 1**	**Level 2**	**Level 3**	**NAV (1)**
Financial assets:					
Investments:					
Cash and short-term investments	$ 3,587	$ 3,587	$ -	$ -	$ -
Fixed income securities:					
U.S. Treasuries	10,925	10,925	-	-	-
Corporate	11,616	-	11,616	-	-
Municipal	2,011	-	2,011	-	-
Total fixed income	24,552	10,925	13,627	-	-
Mutual funds:					
Developed markets equities	27,144	27,144	-	-	-
Fixed income	865	865	-	-	-
Multi-asset	4,922	4,922	-	-	-
Emerging markets equities	71	71	-	-	-
Total mutual funds	33,002	33,002	-	-	-
Common collective trusts	86,103	29,022	-	-	57,081
Hedge funds	30,037	-	-	-	30,037
Limited partnership interests	64,904	-	-	-	64,904
Total investments	$ 242,185	$ 76,536	$ 13,627	$ -	$ 152,022
Other assets:					
Split-interest agreements	$ 6,420	$ -	$ -	$ 6,420	$ -
Financial liabilities:					
Interest rate swap	(2,098)	-	(2,098)	-	-

(1) These investments are measured at fair value using the NAV per share (or its equivalent) as a practical expedient and are not classified within the fair value hierarchy. The fair value amounts presented in this table are included to permit reconciliation of the fair value hierarchy table to amounts presented in the statements of financial position.

6. Investments and Investment Return

Investments, which are presented by investment class in Note 5, are professionally managed by outside investment organizations subject to direction and oversight by a committee of the Board. The Board has established investment policies and guidelines that cover asset allocation and performance objectives and impose various restrictions and limitations on the managers. These restrictions and limitations are specific to each asset classification and cover concentrations of market risk (at both the individual issuer and industry group levels), credit quality of fixed income and short-term investments and various other matters.

(In Thousands)

The table below summarizes investments for which NAV has been used to estimate fair value as a practical expedient, as well as the investee strategies, redemptions and unfunded commitments related to such investments at June 30, 2023 and 2022:

	Fair Value		Unfunded Commitments		Redemption Frequency (if currently eligible)	Redemption Notice Period
	2023	2022	2023	2022		
Common collective trust funds	$ 62,153	$ 57,081	N/A	N/A	Monthly	1 - 30 days
Hedge funds:						
Long and short	11,167	13,291	N/A	N/A	Monthly and Quarterly	45 - 60 days
Absolute return	9,764	9,349	N/A	N/A	Quarterly	65 days
Covered options	-	2,282	N/A	N/A	Monthly	5 days
Carbon allowance	5,311	5,115	N/A	N/A	Quarterly	90 days
Limited partnership interests:						
Private equity	1,031	1,618	$ 1,372	$ 1,472	N/A	N/A
Venture capital	49,582	54,182	8,098	10,198	N/A	N/A
Private real estate and resources	8,810	9,104	3,081	3,787	N/A	N/A
Total	$ 147,818	$ 152,022	$ 12,551	$ 15,457		

Investment return, net of fees is included in the following sections within the statements of activities as follows:

	2023	2022
Other sources	$ 7	$ 10
Endowment assets appropriated for expenditure	19,725	11,948
Net realized and unrealized (losses) gains on investments, net of amounts appropriated for expenditures	(7,845)	(22,368)
Total investment return, net	$ 11,887	$ (10,410)

Consistent with its investment policies and guidelines, the College invests in a variety of strategies with varying degrees of liquidity, including daily, monthly, quarterly and illiquid investments. As of June 30, 2023, the majority of the College's portfolio was redeemable either on a daily or monthly basis, and investments aggregating $85,540 were illiquid or redeemable on a quarterly basis.

7. Investment in Plant Assets and Leases

Investment in plant assets, net is summarized as follows as of June 30, 2023 and 2022:

	2023	2022
Land and improvements	$ 14,780	$ 14,724
Buildings	261,354	259,154
Furniture, equipment and library books	32,312	28,101
Construction in progress	2,921	4,865
Total investment in plant assets, gross	311,367	306,844
Less accumulated depreciation	149,341	140,634
Total investment in plant assets, net	$ 162,026	$ 166,210

(In Thousands)

Leases

The College has entered into the following lease arrangements:

Finance leases: The College leases a variety of equipment and records the right-of-use asset of approximately $770 and $689 in investment in plant assets, net and lease liability of approximately and $767 and $679, net in other liabilities on the statement of financial position as of June 30, 2023 and 2022, respectively. These equipment leases have terms ranging from three to five years with expiration dates through 2026.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the statements of financial position and expenses for these leases are recognized on a straight-line basis over the lease term as an operating expense.

The College makes certain assumption and judgements in determining the discount rate, as most leases do not provide an implicit rate. The College uses their incremental borrowing rate (3%), for collateralized borrowing, based on information available at the commencement date in determining the present value of lease payments.

8. Deferred Revenues and Deposits

Changes in deferred revenues and deposits for the years ended June 30, 2023 and 2022 are as follows:

	Enrollment Deposits	Summer Term Tuition and Housing	Fall Term Tuition and Housing	Conditional Contributions and Grants	Other	Total
Balance, June 30, 2021	$ 80	$ 1,411	$ 1,617	$ 167	$ 226	$ 3,501
Revenue recognized	(80)	(1,411)	(1,617)	(70)	(1)	(3,179)
Payments or bills for future performance obligations	74	1,233	981	9	44	2,341
Balance, June 30, 2022	74	1,233	981	106	269	2,663
Revenue recognized	(74)	(1,233)	(981)	-	-	(2,288)
Payments or bills for future performance obligations	78	842	994	-	11	1,925
Balance, June 30, 2023	$ 78	$ 842	$ 994	$ 106	$ 280	$ 2,300

(In Thousands)

9. Long-Term Debt

Long-term debt is summarized as follows as of June 30, 2023 and 2022:

	2023	2022
Maryland Health and Higher Educational Facilities Authority (MHHEFA) Series 2012A Revenue Bonds	$ -	$ 17,775
MHHEFA Series 2017A Revenue Bonds	55,705	55,705
MHHEFA Series 2017B Revenue Bonds	-	23,726
MHHEFA Series 2022 Revenue Bonds	48,854	-
Term Loan	2,800	-
Total long-term debt, gross	107,359	97,206
Unamortized premium	2,573	3,916
Deferred bond costs	(969)	(892)
Total long-term debt, net	$ 108,963	$ 100,230

On June 21, 2017, MHHEFA Series 2017A Revenue Bonds were issued to refinance the College's MHHEFA Series 2012B and 2012C Revenue Bonds. Series 2017A Revenue Bonds bear interest, payable semiannually, at fixed rates ranging from 3.0% to 5.0%. Serial bonds aggregating $21,335 are due in annual installments ranging from $2,535 to $4,975 beginning July 1, 2034 through July 1, 2038. Term bonds of $34,370 are due on July 1, 2044.

On August 11, 2022, MHHEFA Series 2022 Revenue Bonds of $48,854 were issued to refinance the College's MHHEFA Series 2012A and 2017B Revenue Bonds and an additional $8,487 to fund a portion of capital projects and an enterprise resource system implementation on campus. Series 2022 Revenue Bonds bear interest, payable monthly, at a variable rate equal to 83% of one-month SOFR plus 1.0%. Principal repayments, ranging from $0 to $355 are due monthly beginning July 1, 2024 through August 1, 2042, at which the remaining principal of $13,399 will be due.

On August 11, 2022, Goucher College entered into a term loan with a regional bank for $2,800 to reimburse itself for costs incurred to terminate the interest rate swap and other financing costs. This loan is interest only for 34 months at a variable rate equal to one-month SOFR plus 1.55%. The balance of $2,800 is due June 1, 2025.

On August 11, 2022, Goucher College entered into a line of credit agreement with a regional bank for up to $5,000 and interest rate at one-month SOFR plus 1.55% (6.71% at June 30, 2023). The College drew $4,052 on August 11, 2022 and repaid the full amount on August 15, 2022. There was no balance outstanding as of June 30, 2023.

The 2017A and 2022 Revenue Bonds and loans with the regional bank are secured by a pledge of certain revenues of the College and are secured ratably and equally with its obligation under an interest rate swap agreement.

(In Thousands)

Maturities of long-term debt are as follows:

Years ending June 30:		
2024	$	-
2025		3,057
2026		3,226
2027		3,333
2028		3,440
Thereafter		94,303
Total	$	107,359

No interest expense was capitalized for 2023 and 2022.

Interest Rate Swap Agreements

The College entered into an interest rate swap agreement with a national bank on May 19, 2017. The interest rate swap agreement is used to manage the College's interest rate risk on its variable rate debt. The agreement provides for the College to pay a fixed rate of 3.49% and receive a variable rate of 67% of the one-month LIBOR (0.71% at June 30, 2022) based on a notional amount of $23,726. As of June 30, 2022, the fair value of the interest rate swap agreement was a liability of $2,098. The interest rate swap was terminated on July 1, 2022.

On July 1, 2022, the College entered into an interest rate swap agreement with a regional bank. The interest rate swap agreement is used to manage the College's interest rate risk on its variable rate debt. The agreement is effective beginning September 1, 2022 and extends through June 1, 2042 and provides for the College to pay a fixed rate of 2.357% and receive a variable rate of 83% of one-month SOFR (4.28% at June 30, 2023), based on an initial notional amount of $52,227. The notional amount will decrease through 2042. As of June 30, 2023, the fair value of the interest rate swap agreement was an asset of $2,465.

10. Retirement Plans

Retirement benefits are provided for eligible faculty and administrative employees by a contributory purchase plan, offering the opportunity for investment in a variety of annuity contracts and mutual funds. All participants have a fully vested interest in the contributions made by them or on their behalf, and the College has no obligation under the plan other than its monthly contributions.

The College also has a contributory defined contribution plan for all eligible employees not covered by the benefit plan described above. All participants are immediately vested in their contributions. Participants are not vested in employer matching contributions and the related earnings until three years of service have been completed.

The College's contributions to both plans were $1,012 in 2023 and $840 in 2022.

The College also maintains a deferred compensation plan for certain executives.

(In Thousands)

11. Net Assets

Net assets without donor restrictions consist of the following as of June 30, 2023 and 2022:

	2023	2022
Without donor restrictions:		
Undesignated	$ 46,469	$ 52,964
Funds designated as endowment	33,031	37,716
Total	$ 79,500	$ 90,680

Net assets with donor restrictions consist of the following as of June 30, 2023 and 2022:

	2023	2022
With donor restrictions:		
Endowment	$ 206,739	$ 205,595
Split-interest agreements	4,876	4,332
Capital projects	2,549	3,849
Contributions and income designated for specific purposes	7,765	6,905
Student loan funds	1,358	1,360
Total	$ 223,287	$ 222,041

12. Endowment

The College's endowment consists of approximately 700 individual funds established for a variety of purposes, including both donor-restricted endowment funds, including externally managed perpetual trusts, and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing, subject to individual donor intent as expressed in a gift instrument, the Board to appropriate for expenditure or accumulate as much of an endowment fund as it determines is prudent for the uses, benefits, purposes and duration for which the fund is established. The College classifies endowment net assets with donor restrictions into two categories: historic cost and accumulated gains (losses). The historic cost category includes (a) an amount equal to the historical dollar value of all donor-restricted endowment funds, (b) the original value of subsequent gifts to a donor-restricted endowment fund and (c) accumulations to the donor-restricted endowment made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. Accumulated gains (losses) include the change in value from historical cost net of amounts appropriated for expenditure by the Board. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the College and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investment; the other resources of the College; and the investment policies of the College.

(In Thousands)

Endowment net assets consist of the following as of June 30, 2023 and 2022:

	2023				
		With Donor Restrictions			
	Without Donor Restrictions	Historical Cost	Accumulated Gains (Losses)	Total	Total Endowment 2023
Board-designated net assets	$ 33,031	$ -	$ -	$ -	$ 33,031
Donor-restricted net assets:					
Funds with deficiencies	-	1,668	(45)	1,623	1,623
Perpetual trusts managed by others	-	2,470	-	2,470	2,470
Other funds	-	94,558	108,088	202,646	202,646
Total endowment net assets	$ 33,031	$ 98,696	$ 108,043	$ 206,739	$ 239,770

	2022				
		With Donor Restrictions			
	Without Donor Restrictions	Historical Cost	Accumulated Gains (Losses)	Total	Total Endowment 2022
Board-designated net assets	$ 37,716	$ -	$ -	$ -	$ 37,716
Donor-restricted net assets:					
Funds with deficiencies	-	2,613	(116)	2,497	2,497
Perpetual trusts managed by others	-	2,406	-	2,406	2,406
Other funds	-	90,887	109,805	200,692	200,692
Total endowment net assets	$ 37,716	$ 95,906	$ 109,689	$ 205,595	$ 243,311

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	$ 38,319	$ 221,022	$ 259,341
Investment return, net	(1,295)	(8,464)	(9,759)
Contributions collected	1,000	2,832	3,832
Appropriation of endowment assets for expenditure	(2,008)	(9,940)	(11,948)
Transfers	1,700	145	1,845
Endowment net assets, June 30, 2022	37,716	205,595	243,311
Investment return, net	1,748	9,472	11,220
Contributions collected	77	2,726	2,803
Appropriation of endowment assets for expenditure	(8,670)	(11,055)	(19,725)
Transfers	2,160	1	2,161
Endowment net assets, June 30, 2023	$ 33,031	$ 206,739	$ 239,770

From time to time, certain donor-restricted endowment funds may have fair value less than the amount required to be maintained by donors or by law. At June 30, 2023, there were 6 funds with deficiencies with an original cost of $1,668 and current market value of $1,623. At June 30, 2022, there were 9 funds with deficiencies with an original cost of $2,613 and current market value of $2,497. The Board prohibits spending from individual endowment funds with market values below 90% of the historical cost.

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. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to earn a 5% average annual compounded total return in excess of inflation, as measured by the Consumer Price Index (CPI), over a long-term time horizon of at least ten years. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places emphasis on investments in equities, bonds and absolute return strategies in a ratio to achieve its long-term return objectives within prudent risk constraints.

As a general rule, the Board believes that a long-term spending rate of 5% of the College's endowment is appropriate. The actual spending rate in any given year may vary from the 5% target rate established by the Board depending on the financial needs of the College. The Board prohibits spending from individual endowment funds with market values below 90% of historical dollar value. In establishing these policies, the College considered the expected return on its endowment.

Accordingly, the College anticipates the current spending policy will allow its endowment to maintain its real value by appreciating through investment returns at a rate equal to planned payouts. Additional spending capacity will be provided through new gifts and any excess investment return.

13. Functional Expenses

Costs related to the operation and maintenance of physical plant, including depreciation of plant assets and interest on related debt, are allocated to program and supporting activities based upon square footage and usage of facilities. Fringe benefit expenses, including payroll taxes, the employer cost of health insurance and retirement contributions, are allocated to program and supporting activities based on salary costs by type of employee class directly charged to those programs. Certain costs related to the administration and maintenance of the centralized information technology and telecommunications networks, such as salaries, maintenance contracts and telecom agreements, are allocated half to the general administration category and a quarter to both the instruction and departmental research and auxiliary enterprises categories. Total fundraising expenses, which are included in the general administration category, were approximately $2,735 and $2,480 in 2023 and 2022, respectively.

14. Commitments and Contingencies

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

The College is a party to various litigation and other claims in the ordinary course of business. In the opinion of management, appropriate provision has been made for possible losses and the ultimate resolution of these matters will not have a significant effect on the financial position of the College.

(In Thousands)

15. Liquidity and Availability

Financial assets available within one year of the statements of financial position date for general expenditure such as operating expenses and scheduled principal payments are as follows:

	2023	2022
Cash and cash equivalents	$ 5,624	$ 8,052
Accounts and loans receivable, net	2,232	2,686
Contributions receivable, net	318	194
Deposits with bond trustee	1,123	2,562
Investments, operating	7	1,204
Investments, funds designated as endowment available for short-term operating use	5,000	5,000
Investments, endowment appropriations	13,778	12,998
Split-interest agreements	119	121
Total	$ 28,201	$ 32,817

The College's endowment funds consist of donor-restricted endowments and funds designated by the Board to function as endowments. Income from donor-restricted endowments is restricted for various purposes, including general use or for activities that occur as part of the normal operations of the College. At June 30, 2023 and 2022, donor-restricted endowment funds that are available for the College's general use or activities occurring as part of the normal operations of the College and board-designated endowment funds were $206,739 and $205,595, and $33,031 and $37,716, respectively. Both types of endowments are subject to an annual spending rate as described in Note 12.

The Board appropriated $13,778 for use in the next fiscal year in support of operating expenses. In addition, the Board authorizes up to $5,000 of board-designated endowment as available for short-term borrowing in support of operating activities, if needed. Although the College does not intend to spend from the board-designated endowment or the donor-restricted endowment other than amounts appropriated as part of our Board's annual budget approval and appropriation, these amounts could be made available, if necessary.

The College's cash flows have seasonal variations during the year attributable to tuition billing, government funding of financial aid and a concentration of contributions received at calendar and fiscal year-end. The College's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the College invests cash in excess of daily requirements in short-term investments.

16. Department of Education Financial Responsibility

The DOE revised the regulations for financial responsibility effective July 1, 2019. The regulations require the College to provide additional disclosures to assist the DOE in measuring financial responsibility through the composite score of financial ratios.

Pre-implementation land, buildings and equipment totaled $150,214 at June 30, 2023. Post-implementation land, buildings and equipment without outstanding debt for original purchase totaled $4,290, at June 30, 2023. Post-implementation land, buildings and equipment with outstanding debt for original purchase totaled $4,601, at June 30, 2023.

Included in contributions receivable, net is $990 of unsecured related-party receivables from Board members.

(In Thousands)

Note 9 provides information on the College's long-term debt but does not provide a breakout by the implementation date of July 1, 2019. The following table provides a breakdown of long-term debt for long-term purposes and lease liabilities, at June 30, 2023 based on the July 1, 2019 implementation date.

Pre-implementation:	
Total long-term debt	$ 98,378
Less current year repayments	-
Long-term debt, pre-implementation	98,378
Post-implementation:	
Long-term debt for long-term purposes, net post-implementation	4,214
Lease liabilities	666
Long-term debt and leases, post implementation	4,880
Additional long-term debt in excess of investment in plant assets, net and right of use assets with outstanding debt for original purchase	150
Unallowable long-term debt related to operations	2,098
Long-term debt for long-term purposes fully offset by deposits held with trustee for capital projects in future years	4,224
Total long-term debt and lease liabilities at June 30, 2023	$ 109,730
Total long-term debt, net	$ 108,963
Total lease liabilities (included in other liabilities on statement of financial position)	767
Total long-term debt and lease liabilities at June 30, 2023	$ 109,730

17. Subsequent Events

The College has evaluated subsequent events through October 30, 2023, the date that the financial statements were issued.

On October 24, 2023, the College entered into a Lease, Development and Operating Agreement with General German Aged People's Home of Baltimore d/b/a Edenwald Senior Living (Edenwald). The agreement provides for the ground lease of approximately 3 acres of land to Edenwald for a senior living facility. There are certain conditions to commencement of the lease term which include, but are not limited to, obtaining governmental authorizations and financing. The term concludes 99 years after construction is substantially complete. In exchange for the use of the land, Endenwald will provide $7,500 over the next three years, upon meeting certain milestones during the due diligence process through to the commencement of construction. In addition, Edenwald will also pay to the College a development fee of $200 and $400 to share the cost of certain required improvements. The agreement includes market resets after year 33 and year 66 which provide for additional rent based on land value above a 2.5% CPI growth, subject to a minimum guaranteed increase of 3.25% and a maximum of 3.75%.