Beloit College and Subsidiaries

Financial Report
June 30, 2022

Contents

Independent Auditor's Report

Audit and Risk Management Committee
Beloit College

Opinion
We have audited the consolidated financial statements of Beloit College and Subsidiaries (the College), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, the related consolidated statements of activities, changes in net assets and cash flows for the years ended June 30, 2022 and 2021, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2022 and 2021, and the changes in their net assets and its cash flows for the years ended June 30, 2022 and 2021 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 Auditor's 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 issued or available to be issued.

Auditor's 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 auditor's 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 Beloit College and its subsidiaries' 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating and other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating and other supplementary information, except for the portion marked "unaudited", has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited", the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Madison, Wisconsin
November 17, 2022

Beloit College and Subsidiaries

Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	**$ 11,443,941**	$ 16,855,074
Accounts receivable, net	**3,408,419**	5,805,816
Contributions receivable, net	**5,458,861**	2,048,156
Student loans receivable, net	**7,530,716**	6,986,581
Other assets	**1,133,951**	871,903
Investments	**67,209,515**	79,016,637
Property, plant and equipment, net	**99,916,786**	100,735,184
Operating right of use lease asset	**310,368**	430,215
Funds held in trust by others	**776,278**	831,325
Beneficial interest in perpetual trusts	**3,008,461**	3,603,843
Total assets	**$ 200,197,296**	$ 217,184,734
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other accrued liabilities	**$ 2,883,541**	$ 7,985,171
Deferred revenue	**2,302,966**	2,179,464
Student deposits and deferred grant revenue	**338,572**	357,334
Other liabilities	**92,043**	92,043
Refundable advance from U.S. government	**708,825**	928,928
Annuities payable	**3,005,320**	4,190,021
SBA PPP Loan	**-**	4,687,300
Long-term debt, net	**8,548,313**	2,435,598
Operating right of use lease liability	**310,800**	430,962
Historic tax credit obligation	**6,950,362**	6,879,738
New market tax credit obligation	**4,863,300**	4,863,300
Total liabilities	**30,004,042**	35,029,859
Net assets:		
Net assets without donor restrictions	**48,392,044**	52,319,971
Non-controlling interest in net assets without donor restrictions	**(234,197)**	(296,912)
Total net assets without donor restrictions	**48,157,847**	52,023,059
Net assets with donor restrictions	**122,035,407**	130,131,816
Total net assets	**170,193,254**	182,154,875
Total liabilities and net assets	**$ 200,197,296**	$ 217,184,734

See notes to consolidated financial statements.

Beloit College and Subsidiaries

Consolidated Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Student tuition and fees	$ 49,443,085	$ -	$ 49,443,085
Less: Funded student financial assistance	(2,175,143)	-	(2,175,143)
Unfunded student financial assistance	(34,516,885)	-	(34,516,885)
Net student tuition and fees	12,751,057	-	12,751,057
Auxiliary enterprises	8,130,482	-	8,130,482
Contributions	6,222,886	3,348,329	9,571,215
Government contracts and grants	4,334,314	-	4,334,314
Investment return allocated for operations	1,848,480	5,997,114	7,845,594
Other income	2,797,785	-	2,797,785
Net assets released from restrictions	6,057,274	(6,057,274)	-
Total operating revenues	42,142,278	3,288,169	45,430,447
Operating expenses:			
Salaries	17,000,481	-	17,000,481
Benefits	5,527,258	-	5,527,258
Student employment	912,077	-	912,077
Supplies	1,761,378	-	1,761,378
Services	13,106,693	-	13,106,693
Travel and meals	1,337,759	-	1,337,759
Utilities	1,432,293	-	1,432,293
Interest	30,567	-	30,567
Depreciation	4,641,177	-	4,641,177
Other	1,618,725	-	1,618,725
Total operating expenses	47,368,408	-	47,368,408
Net (decrease) increase from operations	(5,226,130)	3,288,169	(1,937,961)
Non-operating activities:			
Investment income (loss):			
Interest income	52,875	644,987	697,862
Net loss on investments	(795,009)	(7,299,780)	(8,094,789)
Total investment loss	(742,134)	(6,654,793)	(7,396,927)
Investment return allocated for operations	(1,848,480)	(5,997,114)	(7,845,594)
	(2,590,614)	(12,651,907)	(15,242,521)
Interest income on cash and cash equivalents	5,008	7,811	12,819
Endowment gifts	-	1,395,891	1,395,891
Capital gifts and grants	-	25	25
Changes in value of split-interest agreements	(515,137)	(289,597)	(804,734)
Gain on extinguishment of SBA PPP Loan	4,647,697	-	4,647,697
Other non-operating activities	(186,036)	153,199	(32,837)
Total non-operating activities	1,360,918	(11,384,578)	(10,023,660)
Change in net assets	(3,865,212)	(8,096,409)	(11,961,621)
Net assets at beginning of period	52,023,059	130,131,816	182,154,875
Net assets at end of period	$ 48,157,847	$ 122,035,407	$ 170,193,254

See notes to consolidated financial statements.

Beloit College and Subsidiaries

Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Student tuition and fees	$ 47,922,804	$ -	$ 47,922,804
Less: Funded student financial assistance	(1,760,657)	-	(1,760,657)
Unfunded student financial assistance	(32,504,103)	-	(32,504,103)
Net student tuition and fees	13,658,044	-	13,658,044
Auxiliary enterprises	6,181,510	-	6,181,510
Contributions	5,890,494	2,734,141	8,624,635
Government contracts and grants	4,546,922	-	4,546,922
Investment return allocated for operations	2,234,324	4,791,503	7,025,827
Other income	1,789,858	-	1,789,858
Net assets released from restrictions	8,677,774	(8,677,774)	-
Total operating revenues	42,978,926	(1,152,130)	41,826,796
Operating expenses:			
Salaries	17,459,004	-	17,459,004
Benefits	6,106,111	-	6,106,111
Student employment	766,774	-	766,774
Supplies	1,997,167	-	1,997,167
Services	8,694,247	-	8,694,247
Travel and meals	530,625	-	530,625
Utilities	1,316,227	-	1,316,227
Interest	49,082	-	49,082
Depreciation	4,806,326	-	4,806,326
Other	1,151,564	-	1,151,564
Total operating expenses	42,877,127	-	42,877,127
Net increase (decrease) from operations	101,799	(1,152,130)	(1,050,331)
Non-operating activities:			
Investment income (loss):			
Interest income	72,658	406,885	479,543
Net gain on investments	13,004	10,073,159	10,086,163
Total investment income	85,662	10,480,044	10,565,706
Investment return allocated for operations	(2,234,324)	(4,791,503)	(7,025,827)
	(2,148,662)	5,688,541	3,539,879
Interest income (loss) on cash and cash equivalents	128,897	(1,749)	127,148
Endowment gifts	-	1,749,003	1,749,003
Capital gifts and grants	-	245,452	245,452
Changes in value of split-interest agreements	230,171	633,402	863,573
Other non-operating activities	740,514	541,258	1,281,772
Total non-operating activities	(1,049,080)	8,855,907	7,806,827
Change in net assets	(947,281)	7,703,777	6,756,496
Net assets at beginning of period	52,970,340	122,428,039	175,398,379
Net assets at end of period	$ 52,023,059	$ 130,131,816	$ 182,154,875

See notes to consolidated financial statements.

Beloit College and Subsidiaries

Consolidated Statement of Changes in Net Assets
Year Ended June 30, 2022

	Beloit College and Subsidiaries				
	Net Assets Without Donor Restrictions	**Net Assets With Donor Restrictions**	**Sub-Total**	**Non-Controlling Interest in Net Assets Without Donor Restrictions**	**Total**
Net assets, June 30, 2021	$ 52,319,971	$ 130,131,816	$ 182,451,787	$ (296,912)	$ 182,154,875
Change in net assets	(3,927,927)	(8,096,409)	(12,024,336)	62,715	(11,961,621)
Net assets, June 30, 2022	$ 48,392,044	$ 122,035,407	$ 170,427,451	$ (234,197)	$ 170,193,254

See notes to consolidated financial statements.

Beloit College and Subsidiaries

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

	2022	2021
Cash flows from operating activities:		
Change in net assets	**$ (11,961,621)**	$ 6,756,496
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	**4,641,177**	4,806,326
Amortization of bond issuance costs	**58,672**	-
Amortization of bond premiums	**3,593**	(97,104)
Loss (gain) on sale of equipment	**212,988**	(431,061)
Gain on PPP loan forgiveness	**(4,647,697)**	-
Amortization of lease liability	**(315)**	747
Contribution revenue for investment in endowment and capital	**(1,395,916)**	(1,994,455)
Decrease (increase) in funds held in trust by others and beneficial interests in perpetual trusts	**650,429**	(688,086)
Allowance for doubtful accounts	**58,823**	(62,022)
Net unrealized and realized loss (gains) on investments	**8,730,144**	(10,086,163)
Increase (decrease) from changes in:		
Receivables, net	**2,397,397**	(2,664,422)
Other assets	**(262,048)**	(56,576)
Accounts payable	**(5,101,630)**	(2,041,873)
Deferred revenues	**123,502**	1,123,577
Student deposits and deferred grant revenue	**(18,762)**	8,394
Annuities payable and other liabilities	**(1,184,701)**	438,120
Net cash used in operating activities	**(7,695,965)**	(4,988,102)
Cash flows from investing activities:		
Purchases of property, plant and equipment	**(1,091,467)**	(803,476)
Proceeds from sale of equipment	**-**	284
Purchases of investments	**(8,824,534)**	(54,043,782)
Proceeds from sales of investments	**11,901,512**	35,660,023
Disbursements of loans to students	**(1,183,399)**	(901,944)
Repayments of loans by students	**580,441**	602,734
Net cash provided by (used in) investing activities	**1,382,553**	(19,486,161)
Cash flows from financing activities:		
Payment of principal on long-term debt	**(239,153)**	(5,261,538)
Proceeds from historic and new market tax credit obligation	**70,624**	5,156,891
Contributions received for investment in endowment and capital	**1,290,911**	1,164,518
Decrease in U.S. government grants refundable, net	**(220,103)**	(324,437)
Net cash provided by financing activities	**902,279**	735,434
Net decrease in cash and cash equivalents	**(5,411,133)**	(23,738,829)

(Continued)

Beloit College and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2022 and 2021

	2022	2021
Cash and cash equivalents:		
Beginning	**$ 16,855,074**	$ 40,593,903
Ending	**$ 11,443,941**	$ 16,855,074
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest:		
Expensed	**$ 1,106,249**	$ 1,106,249
Capitalized	**$ 332,312**	$ -
Supplemental schedules of non-cash investing and financing activities:		
Purchases of property and equipment with debt	**$ 6,250,000**	$ -
Lease right of use assets and liabilities	**$ 26,121**	$ -

See notes to consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

Beloit College is a four-year, independent, residential liberal arts college in Beloit, Wisconsin, founded in 1846 by a group of Yale graduates. Beloit College is a member of the Associated Colleges of the Midwest (ACM). The College has more than fifty fields of study in nineteen departments and offers several degrees and majors including: Bachelor of Arts, Bachelor of Science, cooperative programs in business, engineering, forestry, and social work, plus five pre-professional programs. The accounting policies of Beloit College reflect practices common to colleges and universities and conform to accounting principles generally accepted in the United States of America.

Principles of consolidation: The consolidated financial statements include the accounts and transactions of Beloit College and its subsidiaries (collectively referred to as the College), including the following:

- Beloit Powerhouse Foundation, Inc. was established in December 2017. In April 2018, the articles of incorporation of Beloit Powerhouse Foundation, Inc. were amended to change the name of the organization to Beloit Powerhouse Holdings, Inc. (Holdings, Inc.) and to change the purpose.

- Beloit Powerhouse Holdings II, LLC (Holdings II) was established in March 2018.

- Beloit Powerhouse, LLC (Powerhouse) was established in March 2017.

  Effective June 18, 2018, Powerhouse closed on a New Market Tax Credit (NMTC) and Historic Tax Credit (HTC) financing transaction. In connection with this transaction, the following variable interest entities (VIEs) for which Powerhouse is the primary beneficiary, are also consolidated with the accounts and transactions of Powerhouse:

  - Chase NMTC Beloit Powerhouse Investment Fund, LLC (Investment Fund)—an entity owned 100% by Chase Community Equity, LLC (CCE)

  - BH New Markets Sub-CDE 18, LLC, Brownfield Revitalization 48, LLC, and CNMC Sub-CDE 165, LLC (collectively referred to as the Sub-CDEs)—entities owned 99.99% by Investment Fund and .01% by separate Community Development Entities

  - Powerhouse Master Tenant, LLC (Master Tenant)—an entity owned 99% by CCE and 1% by Holdings II.

Holdings, Inc. and Holdings II are wholly owned by the College. Powerhouse is owned 94.99% by Holdings II, 5% by Holdings, Inc. and .01% by the College.

The subsidiaries were created to finance the decommissioning and renovation of the Blackhawk Generating Station, which was contributed to the College and converted into a 130,000 square foot student center.

All intercompany balances and transactions have been eliminated in consolidation. Refer to Note 16 of these consolidated financial statements for a description of the VIEs included in the consolidated financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

Significant accounting policies of the College are summarized below:

Cash and cash equivalents: Cash and cash equivalents represent demand deposits and other investments with original purchased maturities of ninety days or less excluding restricted bond proceeds.

Accounts receivable: Accounts receivable are carried at the unpaid balance of the original amount billed to students. The receivables are net of an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by considering the College's previous loss history and specific account circumstances. Recoveries of student accounts receivable previously written-off are recorded when received. Receivables are generally unsecured. The College does not charge interest or late fees on delinquent accounts but charges a one-time per term late payment penalty if the appropriate amount is not paid by the designated due date.

Contributions receivable: Unconditional promises to give (pledges) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for doubtful contributions receivable based upon management's judgment and analysis of the credit worthiness of the donors, past collection experience and other relevant factors. Promises to give are written-off when they become uncollectible. The policy for determining past due contributions is assessed on an individual basis.

Student loans receivable: Student loans receivable, which include Perkins governmental loans and institutional loans, are carried at unpaid principal balances, less the allowance for uncollectible loans of $952,843 and $910,294 at June 30, 2022 and June 30, 2021, respectively. The allowance calculation is based on the loans receivable past due balances. Loans receivable are considered to be past due if a payment is not made within 30 days of the payment due date. Periodically, the allowance is evaluated based on past loan loss experience and current economic conditions. Interest income is recorded monthly as payments are received. Interest on a past due loan is recognized or accrued until cash payments are received.

Investments: Investments are recorded at fair value. Investment income and investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the non-operating activities in the consolidated statement of activities when earned. The College annually appropriates 4.5% of the endowment fund's average fair value for the prior three years for operations and reclassifies these earnings to operations.

Note 1. Summary of Significant Accounting Policies (Continued)

Split interest agreements and funds held in trust by others: The College's split interest agreements with donors consist of charitable remainder annuity trusts, charitable remainder unitrust contracts, pooled life income funds, charitable annuity lead trusts and charitable gift annuities for which the College is either the remainder beneficiary or both the trustee and remainder beneficiary.

Assets held under these agreements for which the College serves as trustee are included in investments. Contributions of split-interest agreements, net of related liabilities, increase net assets with donor restrictions. Liabilities associated with charitable gift annuities and charitable trusts represent the present value of the expected payments to the beneficiaries based on the terms of the agreements. Pooled income funds are recognized at the net present value of the assets expected at a future date. Gains or losses resulting from changes in fair value, changes in assumptions and amortization of discount are recorded as changes in value of split-interest agreements in the appropriate restriction categories in the non-operating section of the consolidated statement of activities.

Assets held in trust for which the College does not serve as trustee are reported as funds held in trust by others. Contribution revenue and a receivable are recorded at the date the trusts are established for the present value of estimated future payments to be received.

The College is an income beneficiary of various irrevocable trusts, reported as beneficial interest in perpetual trusts. The College has recognized its interest in the estimate future cash flows as net assets with donor restrictions based on the fair value of the assets held in the trusts. Changes in the fair value of the trusts are recognized as gains and losses in net assets with donor restrictions.

Property, plant, and equipment: Physical plant and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives of the respective assets. The College uses the following depreciable lives:

Buildings – 40 years
Dormitory and commons – 30 years
Residential rental properties – 30 years
Building improvements – 20 years
Leasehold improvements – 10 years
Land improvements – 20 years
Works of art – 20 years
Books – 20 years
Equipment and furnishings – 5 to 10 years

The College capitalizes property, plant and equipment additions of $10,000 or more. Normal repairs and maintenance expenses are charged to operations as incurred. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets in accordance with Accounting Standards Codification (ASC) Topic 835-20, *Capitalization of Interest*. Museum collections (historical treasures and similar treasures held as part of museum collections) that were acquired through purchases or contributions since the College's inception are not reflected in the consolidated statements of financial position. These museum collections are insured at a value of approximately $10,500,000 as of June 30, 2022 and 2021, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred revenue: Certain revenue related to summer courses and programs is deferred and recognized as revenue over time as the courses are offered. Students are generally billed for courses and programs prior to the start of the course or program with revenue recognized over time as the classes are in session. In addition, the College accounts for refundable advances received under certain contracts as deferred revenue.

Refundable advances from U.S. Government: Funds provided by the Henry Strong Foundation Loan Fund and United States Government, under the Perkins loan program, are loaned to qualified students and may be re-loaned after collection. These funds are ultimately refundable to the Henry Strong Foundation Loan Fund and the government and are included as liabilities in the statements of financial position. Revenues from other government grants are recognized as they are earned in accordance with the agreement. Expenses incurred before cash is received are recorded as receivables.

The Federal Perkins Loan Program expired September 30, 2017, and the College could not disburse Perkins loans to any student on or after October 1, 2017, except for subsequent disbursements of loans first disbursed between June 30, 2017 and September 30, 2017. The College will be liquidating its Federal Perkins Loan Program at the direction of the Department of Education. The liquidation will likely involve the College assigning all eligible outstanding loans to the Department of Education and the remittance of federal share of remaining Perkins cash assets to the Department of Education.

Net asset classifications: For the purposes of financial reporting, the College classifies resources into two net asset categories pursuant to any donor-imposed restrictions and applicable law. Accordingly, the net assets of the College are classified in the accompanying financial statements in the categories that follow:

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the College or by the passage of time. Other donor restrictions are perpetual in nature, including beneficial interests in perpetual trusts and split interest annuity agreements, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets without donor restrictions—Net assets not subject to donor-imposed restrictions, including those expendable resources designated for special use by the Board of Trustees. The designated endowment funds, received without donor restrictions, were set aside for future instruction, scholarships, academic support, and other purposes as determined by the Board.

Revenue recognition: The College recognizes revenue from contracts with customers primarily from tuition and fees, and room and board based on the satisfaction of performance obligations. Performance obligations are the goods or services promised in the contract.

Tuition and fees revenue is recognized for the delivery of the academic program throughout the period stated in the contract. This includes student services, use of research space and study areas, including access to reference materials. Auxiliary enterprise revenue consists primarily of room revenue and board revenue. Room revenue is recognized for providing living space throughout the stated contract term. Board revenue is recognized for providing meals to students throughout the stated contract term.

Note 1. Summary of Significant Accounting Policies (Continued)

Each of the above revenue sources are considered separate and distinct contracts with their own performance obligation and are recorded at the amount of consideration the College expects to be entitled to in exchange for transferring promised goods or services to the students. The College believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Payment for tuition and student fees is due in full two weeks prior to the start of classes unless other payment arrangements are made. The College has a tuition refund policy that allows the students to withdraw and receive full or partial refunds, based on the number of days the student attended school through the 33^{rd} day of the semester. Consideration is considered variable until the refund period expires. The College uses the most likely amount method to determine the variable consideration based on historical experience. No constraints to variable consideration are considered necessary due to the duration of refund period.

The College offers grants/scholarships to attract and retain students and reduce the amount of tuition revenue recognized. The College offers institutional grants/scholarships to students in the form of merit-based and need-based grants. Institutional grants/scholarships of $36,692,028 and $34,264,760 for the years ended June 30, 2022 and 2021, respectively, were recognized as a reduction of tuition and student fees on the consolidated statements of activities. The College also offers institutional loans to students; however, the loans are not significant to the financial statements.

The College offers courses with various study abroad components in which the student receives services from a third party, however, the student pays the College for these services. In these instances, the College is responsible for the performance of the services, and should the third-party institution not perform, the College would be required to perform the required services, therefore the College records the revenue in tuition and fees.

The College elected the practical expedient to not adjust the promised amount of consideration from students for the effects of a significant financing component due to the College's expectation that the period between the time the service is provided to students and the time the student pays for the service will be one year or less.

Contributions, including unconditional promises to give, are recognized as revenue in the period the contribution or promise is received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenues with donor restrictions; the restrictions are considered to be released when the long-lived assets are placed in service. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved.

Gains and investment income, other than on endowment investments or other assets, received with donor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions. Gains and losses on investments of endowment funds created by a board designation of unrestricted funds are recorded as changes in net assets without donor restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Grant revenue, following contribution revenue guidance, is recognized when the award notification is received and when barriers have been substantially met (generally when qualifying expenses have been incurred and all other grant requirements have been met). In 2021, the College received a federal grant of $1,404,255 from the Higher Education Emergency Relief Fund (HEERF) programs that was recorded as deferred revenue, due to conditions of the grant that had not been met by June 30, 2021. In 2022, the conditions of the HEERF grant were met, and as such the $1,404,255 was recognized as grant revenue.

Noncontrolling interest: Noncontrolling interest represents the portion of net assets in any subsidiary that is not attributable, directly or indirectly, to Beloit College. The profit or loss derived from the performance of subsidiaries is allocated to the noncontrolling interest in the consolidated statement of activities based on the terms of the operating agreements of the subsidiaries.

Operating activities: The College’s operating revenues and operating expenses include all operating revenues and expenses that are an integral part of its programs and supporting activities and transfers from nonoperating funds to support current operating activities. The measure of operations includes support for operating activities from net assets without donor restrictions and net assets with donor restrictions according to the College’s spending policy, which is detailed in Note 15. The measure of operations excludes investment return in excess of (less than) amounts made available for current support, interest income on cash and cash equivalents, changes in fair value of split-interest agreements and other various items not associated with operations of the College.

Fundraising expenses: The College follows the policy of expensing the costs of fundraising when incurred.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a natural basis in the consolidated statements of activities. See Note 18 for expenses summarized on a functional and natural basis of classification.

Income taxes: Beloit College qualifies as a Section 501(c)(3) not-for-profit educational institution under the Internal Revenue Code (the Code) and, therefore, is exempt from federal income taxes pursuant to section 501(a) of the Code. Beloit College is, however, subject to federal income taxes on any unrelated business income under the provisions of section 511 of the Code. Beloit College is exempt from state income taxes under Section 71.26 of Wisconsin Statutes.

Holdings II, Powerhouse, Master Tenant, the Investment Fund and the Sub-CDEs are organized as limited liability companies. Powerhouse and Master Tenant are taxed as partnerships for income tax purposes. The Investment Fund and Sub-CDEs are disregarded entities for tax purposes. Income or losses are passed through to their members. Accordingly, all profits and losses of the companies are recognized by each member on their respective tax returns. Holdings II and Holdings, Inc. are taxed as corporations and have elected pursuant to Section 168(h)(6)(F)(ii) of the Code not to be treated as tax-exempt entities for purposes of Section 168(h)(5) and (6). Accordingly, any gain recognized by Beloit College on the disposition of an interest in Holdings II and Holdings, Inc. shall be treated as unrelated business taxable income.

Note 1. Summary of Significant Accounting Policies (Continued)

Concentration of credit risk: Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash, investments, and accounts receivable. The College has placed much of its cash and liquid investments with one financial institution. Also, cash balances may periodically exceed federally insured limits. Marketable securities, consisting of both debt and equity instruments, are held in a variety of managed funds administered by different investment managers in order to limit credit risk. Student receivables and other receivables are due from a variety of sources concentrated primarily in the Midwestern United States. In addition, the College's students receive a substantial amount of support from state and federal student financial assistance programs which are subject to audit by governmental agencies. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the College's programs and activities.

Recently adopted accounting pronouncements: In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not–for–Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The impact of the adoption on the consolidated financial statements was not material.

Pending accounting pronouncement: In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in ASU 2020-04 provide optional temporary financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of LIBOR (London Interbank Offering Rate) and other interbank-offered reference rates as of the end of 2021. ASU 2020-04 is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. The College is currently evaluating the impact the effect on this new guidance on its consolidated financial statements.

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 assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events: The College has evaluated subsequent events through November 17, 2022, which is the date the consolidated financial statements were issued. There have been no subsequent events requiring disclosure in the consolidated financial statements.

Note 2. Accounts Receivable, Net

Accounts receivable consist of the following at June 30, 2022 and 2021:

	2022	2021
Tuition and fees	$ 2,066,207	$ 2,235,498
Government grants and contracts receivable	428,272	296,430
Other	1,390,357	3,712,443
Gross accounts receivable	3,884,836	6,244,371
Less: Allowance for doubtful accounts	(476,417)	(438,555)
Accounts receivable, net	$ 3,408,419	$ 5,805,816

Note 3. Contributions Receivable, Net

Contributions receivable as of June 30, 2022 and 2021, are composed of and are to be used for the following:

	2022	2021
Capital funds	$ 159,478	$ 244,453
Operations	5,869,284	1,788,859
Endowment	188,048	140,000
Gross contributions receivable	6,216,810	2,173,312
Less: Discount	(470,641)	(17,358)
Less: Allowance for uncollectible contributions	(287,308)	(107,798)
Net contributions receivable	$ 5,458,861	$ 2,048,156

Contributions receivable are expected to be collected from donors over the following periods:

	2022	2021
Less than one year	$ 1,380,295	$ 1,783,825
One to five years	4,638,600	389,487
More than five years	197,915	-
Totals	$ 6,216,810	$ 2,173,312

Contributions have been discounted using rates ranging from 1.28% to 3.04%. As of June 30, 2022 and 2021, the College had approximately $3,391,768 and $599,250, respectively, of gross contributions receivable from board members and employees.

Note 4. Student Loans Receivable, Net

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

At June 30, 2022 and 2021, student loans consisted of the following:

	2022	2021
Federal government programs	$ 852,926	$ 1,081,389
Institutional programs	7,630,633	6,815,486
Gross loans receivable	8,483,559	7,896,875
Less: Allowance for doubtful accounts	(952,843)	(910,294)
Student loans receivable, net	$ 7,530,716	$ 6,986,581

Funds advanced by the Federal government of $708,825 and $928,928 at June 30, 2022 and 2021, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position.

After a student is no longer enrolled in an institution of higher education and after a grace period, interest is charged on student loans receivable and is recognized as it is received. Student loans receivable through the loan programs are considered to be past due if a payment is not made within 30 days of the payment due date, at which time, late charges are assessed and recognized. The Federal Perkins Loan Program receivables may be assigned to the U.S. Department of Education. Students may be granted a deferment, forbearance, or cancellation of their student loan receivable based on eligibility requirements defined by the U.S. Department of Education.

At June 30, 2022 and 2021, the following amounts were past due under student loan programs:

	Amount Past Due				
	Less than 240 Days	240 Days - 2 Years	2 - 5 Years	5 + Years	Total
June 30, 2022	$ 7,500	$ 31,300	$ 192,000	$ 854,600	$ 1,085,400
June 30, 2021	4,800	39,300	166,300	832,500	1,042,900

Note 5. Investments

The following summarizes the College's investments as of June 30, 2022 and 2021:

	2022	2021
Certificates of deposit	$ -	$ 41,277
Money market funds	90,611	75,172
Mutual funds—bonds:		
U.S. bonds	15,427,632	16,455,917
Non-U.S. bonds	2,871,798	3,047,301
Mutual funds—equities:		
U.S. equities	21,187,994	26,316,528
Non-U.S. equities	13,455,077	15,707,159
Alternative investments:		
Private equity funds	4,308,937	6,456,895
Investment companies	9,768,857	10,816,849
Real estate investment	95,403	94,880
Accrued interest and pending investment trades	3,206	4,659
Totals	$ 67,209,515	$ 79,016,637

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Investment income (loss) for the years ended June 30, 2022 and 2021, consists of the following:

	2022	2021
Interest and dividends, net	$ 697,862	$ 479,543
Realized gains on investments	1,358,439	1,984,131
Unrealized (losses) gains on investments	(9,453,228)	8,102,032
Totals	$ (7,396,927)	$ 10,565,706

Note 6. Available Resources and 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. The College has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt, and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers all expenditures related to its ongoing activities of instruction, academic support, student services as well as the conduct of services undertaken to support those activities to be general expenditures. Student loans receivable are not included in the analysis as principal and interest on these loans are used solely to make new loans and are, therefore, not available to meet current operating needs.

Note 6. Available Resources and Liquidity (Continued)

In addition to financial assets available to meet general expenditures over the next 12 months, the College strives to operate with a balanced budget concept and aims to collect sufficient revenue to cover general expenditures not covered by donor-restricted resources. In the fiscal years where the college cannot achieve a balanced budget, the College relies on the use of the board-designated endowment to cover general expenditures.

The College's governing board has designated a portion of its resources to function as an endowment, designated for future instruction, scholarships, academic support, and other purposes as determined by the Board. Those amounts are included in cash and cash equivalents and investments in the table below. These resources are invested for long-term appreciation and current income and may be spent at the discretion and approval of the Board of Trustees.

The College does not foresee issues with available resources or liquidity. For the year ended June 30, 2021, the College implemented a five-year financial plan to improve its financial position. The financial plan includes the Board of Trustees appropriating additional funds from the unrestricted designated endowment to support operations, continuing implementation of the College's Deficit Reduction Plan to reduce costs, and an extraordinary fundraising campaign to provide annual budgetary relief to the college's operating budget in the amount of $28.7 million over the next three years.

	2022	2021
Cash and cash equivalents	$ 11,443,941	$ 16,855,074
Accounts receivable	3,408,419	5,805,816
Contributions receivable, net	5,458,861	2,048,156
Investments	67,209,515	79,016,637
Funds held in trust by others, restricted	776,278	831,325
Beneficial interest in perpetual trusts, restricted	3,008,461	3,603,843
Total financial assets as of June 30	91,305,475	108,160,851
Less amounts not available to meet cash needs for general expenditures within one year:		
Contributions receivable, not due in one year	4,247,889	366,902
Contractual or donor restrictions:		
Endowments and perpetual trusts	79,431,846	85,437,561
Restricted by time or purpose, net of financial assets spent for long-term assets of $1,372,385 and $285,000 not placed in service as of June 30, 2022 and 2021, respectively, endowment loan of $15,594,484 and $13,781,115 as of June 30, 2022 and 2021, respectively, contributions receivable not due in one year of $4,247,889 and $366,902 as of June 30, 2022 and 2021, respectively, and $5,346,318 $4,300,000 of funds appropriated for general expenditures by June 30, 2022 and 2021, respectively	16,042,485	25,961,238
Board designated funds, net of Quasi-endowment receivables of ($428,207) and ($2,636,141) for June 30, 2022 and 2021, respectively, and $3,000,000 and $4,000,000 of funds appropriated for general expenditures by June 30, 2022 and 2021, respectively	7,107,401	10,218,384
Financial assets available to meet cash needs for general expenditures within one year	$ (15,524,146)	$ (13,823,234)

Note 7. Property, Plant and Equipment, Net

A summary of property, plant, and equipment as of June 30, 2022 and 2021, is as follows:

	2022	2021
Land and land improvements	$ 10,328,402	$ 10,990,875
Buildings	122,193,755	124,639,973
Building improvements	15,012,419	10,288,254
Equipment and furnishings	12,787,954	12,919,815
Dormitory and commons	26,152,480	26,152,480
Residential rental properties	891,740	891,740
Works of art	749,079	722,579
Books	1,125,851	1,125,851
	189,241,680	187,731,567
Less: accumulated depreciation	(90,697,279)	(87,281,383)
	98,544,401	100,450,184
Construction in process	1,372,385	285,000
Property, plant and equipment, net	$ 99,916,786	$ 100,735,184

Note 8. SBA PPP Loan and Long-Term Debt

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The CARES Act established the Paycheck Protection Program (PPP), which is administered by the U.S. Small Business Administration (SBA), to provide loans to help offset certain payroll and other operating costs. The College applied for and was awarded a PPP loan in the amount of $4,687,300 on April 15, 2020, calculated on the basis of documented payroll costs. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains payroll levels during the subsequent 24-week period. The loan is reflected as a debt as of June 30, 2021. The amount of loan forgiven was $4,647,697 on October 31, 2021 and is recognized as a gain on extinguishment of debt in non-operating activities in the College's consolidated statement of activities for the year ended June 30, 2022.

On September 14, 2016, WHEFA issued $23,080,000 of Revenue Bonds on behalf of the College. The Series 2016 bonds require semiannual interest payments at fixed interest rates ranging from 3.0% to 5.0% and have maturity dates from 2022 to 2033. The proceeds of the Series 2016 bonds were used to generate the needed escrow account. During the year ending June 30, 2019, the College repurchased $21,635,000 and during the year ending June 30, 2021, the College repurchased $830,000 of the Series 2016 bonds and continues to hold the bonds as an investment. In accordance with U.S. generally accepted accounting principles (U.S. GAAP), reacquisition by the College of its outstanding Series 2016 bonds requires de-recognition of the debt and no related recognition of the investment in the series 2016 bond securities. The bond series 2016 bonds have not been defeased.

Note 8. SBA PPP Loan and Long-Term Debt (Continued)

The College has entered into a food services agreement with a vendor effective through May 31, 2032 with options to renew on an annual basis subsequent to that date. In addition to managing the food service program on campus on an exclusive basis, the vendor is also funding an investment in the College's dining service program to fund capital improvements. The investment is amortized on a straight-line basis through June 2032. The amortization expense was $199,534 and $199,551 for the years ended June 30, 2022 and 2021, respectively, and is classified within services in the consolidated statement of activities.

In September 2021, the College entered into a payment performance contract (JCI Contingent Payment Performance Liability) with Johnson Controls, Inc. The contracted amount, $6,250,000, was used to pay for fixed assets acquired as a part of a large construction in progress project to replace the College's old boilers and chillers. Interest is due and payable quarterly on outstanding balances at a rate equal to the 6%. The contingent payment performance liability has a maturity date of July 1, 2042. The liability is collateralized by a first priority security interest in all equipment installed by JCI within the project scope.

Effective April 2021, the debt service coverage ratio was deleted in its entirety from the Master Indenture.

A summary of outstanding long-term debt at June 30, 2022 and 2021 is as follows:

	2022	2021
SBA PPP Loan	$ -	$ 4,687,300
Series 2016 Bonds	615,000	615,000
JCI Contingent Payment Performance Liability	6,250,000	-
Vendor Note	1,812,095	2,011,646
	8,677,095	7,313,946
Bond premiums	70,844	75,011
Less Bond issuance costs, net of amortization	(199,626)	(266,059)
	$ 8,548,313	$ 7,122,898

Future principal payments on the long-term debt as of June 30, 2022, are due as follows:

Years ending June 30:	
2023	$ 393,134
2024	344,771
2025	354,952
2026	344,976
2027	358,894
Thereafter	6,880,368
	$ 8,677,095

Note 8. SBA PPP Loan and Long-Term Debt (Continued)

The Series 2016 bonds are collateralized by a mortgage on the property and buildings of the College. The bank loan agreements are secured by substantially all assets of the College.

The total interest cost incurred during the years ended June 30, 2022 and 2021, was $362,561 and $47,025 respectively, of which $332,312 and $0, respectively, was capitalized as part of the cost of construction related to building improvement project financed with Johnson Controls, Inc.

Note 9. Related Parties

Contributions from trustees, officers, and employees totaled approximately $1,410,099 and $949,028 during the years ended June 30, 2022 and 2021, respectively. See Note 3 for related party contributions receivable.

Note 10. Leases and Rent Expense

The College determines if a contract is or contains a lease at inception, which is the date on which the terms of the contract are agreed to and the agreement creates enforceable rights and obligations. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement. The College has elected to use the risk-free rate, specifically the U.S. Treasury bill rate, to discount the lease payments for leases that do not have a readily determinable implicit rate.

Under ASC 842, the College has elected to not apply the recognition requirements to leases of less than twelve months. These leases are expensed on a straight-line basis and are not included within the College's lease ROU asset or lease liability. The College has lease transactions with related parties and has eliminated all intercompany transactions.

The components of lease expense and supplemental cash flow information related to leases for the period are as follows:

	2022	2021
Lease cost:		
Operating lease cost	$ 149,554	$ 159,055
Other information:		
Cash paid for amounts included in the measurement of lease liabilities - operating leases	$ 149,868	$ 158,309
Weighted-average remaining lease term (in years)	2.63	2.90
Weighted-average discount rate	1.86 %	0.29 %

Note 10. Leases and Rent Expense (Continued)

The approximate future minimum lease payments under operating leases at June 30, 2022 are as follows:

Years ending:	
2023	$ 154,972
2024	95,850
2025	41,401
2026	19,426
2027	10,341
Total lease payments	321,990
Less imputed interest	(11,190)
Total present value of lease liabilities	$ 310,800

Note 11. Net Assets

Net assets without donor restrictions are those which are not subject to donor-imposed restrictions. Certain net assets classified as without donor restrictions are designated for specific purposes or uses by the Board of Trustees. As of June 30, 2022 and 2021, the College's net assets without donor restrictions which are Board designated for investment in the endowment totaled $9,679,194 and $11,582,243, respectively.

As of June 30, 2022 and 2021, the College's net assets with donor restrictions totaled $122,035,407 and $130,131,816. Donor restricted assets in perpetuity were $73,862,274 and $79,103,472 as of June 30, 2022 and 2021, respectively. Net assets with donor restrictions consists of the following at June 30, 2022 and 2021:

	2022	2021
Subject to expenditure for the following specified purposes:		
Capital expenditures	$ 14,351,483	$ 14,832,642
Student loans	551,910	450,061
Academic support	5,337,055	5,567,488
Instruction	5,027,168	5,106,577
Scholarships	10,703,312	8,549,411
Other	2,810,078	6,304,270
Time restrictions		
Contributions receivable, investment earnings/losses, and other	3,822,555	3,883,806
	42,603,561	44,694,255
Endowments and perpetual trusts, the income from which is expendable for the following:		
Scholarships	28,912,052	28,409,234
Instruction	30,404,975	30,366,651
Academic support	12,852,352	12,342,417
Other	1,692,895	7,985,170
Beneficial interest in perpetual trusts	3,008,463	3,603,843
Split-interest annuity agreements	1,599,672	1,770,540
Revolving student loan funds	961,437	959,706
	79,431,846	85,437,561
Total net assets with donor restrictions	$ 122,035,407	$ 130,131,816

Note 11. Net Assets (Continued)

Net assets released for the following purposes during the years ended June 30, 2022 and 2021:

	2022	2021
Scholarships	$ 1,585,764	$ 1,266,599
Academic support	1,217,804	1,549,455
Instruction	1,772,700	1,614,760
Student loans	3,271	-
Capital expenditure	512,380	1,547,603
Other	965,355	2,699,357
	$ 6,057,274	$ 8,677,774

Note 12. Retirement Plan

On October 2, 2015, the Board of Trustees of the College approved a resolution to freeze the 401(a) and amend the existing 403(b) retirement plans as of December 31, 2015. This change was done to incorporate all active employees into one retirement plan to gain efficiencies. Benefits provided under the plans remained the same for employees.

Employees working over 1,000 hours are eligible to participate in individual annuity retirement programs provided through Teachers Insurance Annuity Association and the College Retirement Equities Fund.

Total expenses relating to contributions to all of these plans were approximately $875,000 and $906,000 for years ending June 30, 2022 and 2021, respectively.

Note 13. Self-Insurance

The College provides medical benefits through a self-insurance plan which provides benefits to eligible employees of the College and their eligible dependents. Provisions of the plan require that the College be self-insured to the extent of the first $130,000 in annual major medical benefits per participant.

The plan had insurance contracts to provide stop-loss coverage for benefit payments in excess of the self-insured amounts. Contributions to the plan are based upon the number of participants and the types of coverage elected. Employees are responsible for 33.3% of the plan's required contributions and the College is responsible for the remaining required contributions. Accounts payable and other accrued expenses include an incurred but not reported reserve of approximately $250,000 and $227,000 as of June 30, 2022 and 2021, respectively. These are estimates of amounts due and payable on existing claims for which the College is self-insured and which are expected to be settled currently.

Note 14. Unemployment Compensation Claims

The College is self-insured for unemployment compensation claims. As a result, the College has a $252,771 bank letter of credit, which expires on December 31, 2024, that was issued in favor of the Treasurer of the Wisconsin Unemployment Reserve Fund in order to assure payment of unemployment compensation.

Note 15. Endowment

The College's endowment includes more than 500 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as quasi endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The College follows the guidance relative to the Wisconsin enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the College classified as net assets with donor restriction (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the College considers the following factors in deciding to appropriate or accumulate earnings on donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the College and the endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the College
7. The investment policies of the College

Endowment asset composition by type of fund consists of the following as of June 30, 2022 and 2021:

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 73,862,274	$ 73,862,274	$ -	$ 82,527,915	$ 82,527,915
Board-designated endowment funds	9,679,194	-	9,679,194	11,582,243	-	11,582,243
Total endowment assets	$ 9,679,194	$ 73,862,274	$ 83,541,468	$ 11,582,243	$ 82,527,915	$ 94,110,158

Changes in endowment assets for June 30, 2022 and 2021 are as follows:

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning	$ 11,582,243	$ 82,527,915	$ 94,110,158	$ 13,978,394	$ 73,685,062	$ 87,663,456
Investment return	(96,988)	(6,652,893)	(6,749,881)	91,303	11,542,563	11,633,866
Contributions and other additions	23,403	1,393,668	1,417,071	17,723	2,248,629	2,266,352
Appropriation of endowment assets	(1,814,543)	(4,973,021)	(6,787,564)	(2,232,424)	(4,543,886)	(6,776,310)
Repayment of appropriated bond fund	-	645,000	645,000	-	-	-
Other	(14,921)	921,605	906,684	(272,753)	(404,453)	(677,206)
Endowment assets, ending	$ 9,679,194	$ 73,862,274	$ 83,541,468	$ 11,582,243	$ 82,527,915	$ 94,110,158

Note 15. Endowment (Continued)

Through resolutions, the Board of Trustees approved loans, with interest at 5%, from the endowment fund to supplement the College's operating activities. See Note 8 for further details regarding the buyback of the Series 2016 bonds. The endowment assets consist of the following at June 30:

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Cash and investments	$ 10,107,401	$ 58,267,790	$ 68,375,191	$ 14,218,384	$ 68,746,800	$ 82,965,184
Endowment loan (payable)/receivable	(428,207)	15,594,484	15,166,277	(2,636,141)	13,781,115	11,144,974
Endowment assets	$ 9,679,194	$ 73,862,274	$ 83,541,468	$ 11,582,243	$ 82,527,915	$ 94,110,158

Funds with deficiencies: 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 the College to retain as a fund of perpetual duration. For the year ending June 30, 2022, deficiencies of this nature, reported in net assets with donor restrictions, had an original gift value of approximately $26,081,000, a current fair market value of $24,094,000 and a deficiency of approximately $1,987,000. For the year ending June 30, 2021, deficiencies reported in net assets with donor restrictions, had an original gift value of approximately $9,684,000, a current fair market value of $9,154,000 and a deficiency of approximately $530,000. The deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new net assets with donor restrictions and the continued distributions for certain programs that were deemed prudent by the Board of Trustees. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets with donor restrictions.

Return objectives and risk parameters: The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period(s) as well as board designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of various indices appropriate to the investment asset class while assuming a moderate level of investment risk. The College's investment objectives and policies are designed to meet the spending policy of the fund while also growing the assets of the fund at least equal to the long-term rate of inflation. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: 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 a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The College has a policy of appropriating for distribution each year approximately 4.5% of its endowment fund's average fair market value over the prior 3 years. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to maintain its purchasing power.

Note 16. New Markets Tax Credit and Historic Tax Credit Entities

New Markets Tax Credit Entities

On June 18, 2018, the College entered into a financing transaction with CCE related to a decommissioning and renovation project at the Blackhawk Power Station in Beloit, Wisconsin to serve as the College's student and recreation center. CCE made a capital contribution, and the College made a loan to the Investment Fund under a qualified NMTC program. The NMTC program was provided for in the Community Renewal Tax Relief Act of 2000 (the Act) and is intended to induce capital investment in qualified low-income communities. The Act permits taxpayers to claim credits against their federal income taxes for up to 39% of qualified investments in the equity of community development entities (CDEs). CDEs are privately managed investment institutions that are required to make qualified low-income community investments.

In connection with the financing transaction, the College loaned $10,111,700 to the Investment Fund in exchange for a 1% note due March 2048. The Investment Fund then contributed the loan proceeds along with other funds, to the Sub-CDEs, which in turn loaned the funds on similar terms to Powerhouse, as partial financing for the decommissioning and renovation project. The proceeds of the loan from the Sub-CDEs, including loans representing the capital contribution made by CCE are available only for use on the decommissioning and renovation project.

Simultaneously, CCE contributed $4,863,300 to the Investment Fund and, as such, CCE is entitled to substantially all of the benefits derived from the NMTCs. The CCE contribution has been included in the College's consolidated statements of financial position and is presented separately as a liability. This transaction also includes a put provision whereby the College may be obligated to repurchase CCE's interest in the investment fund for $1,000. If the put provision is not exercised by CCE, the College may choose to repurchase the equity interest of CCE for an amount equal to the fair market value (call option). The College believes that CCE will exercise the put option in June 2025 at the end of the recapture period. The value attributed to the put is de minimis. Additionally, the NMTC is subject to 100% recapture for a period of seven years as provided in the IRC.

Powerhouse is required to comply with various regulations and contractual provisions that apply to the NMTC arrangement during the recapture period. Non-compliance with applicable requirements could result in projected tax benefits not being realized and, therefore, require Powerhouse, together with the College to indemnify CCE's sole member for any loss or recapture of NMTCs related to the financing until such time as Powerhouse's obligation to deliver tax benefits is relieved. The College does not anticipate that any credit recaptures will be required in connection with this arrangement.

Powerhouse has determined that the financing arrangement established through the creation of the Investment Fund, together with the put and call agreements and indemnification agreement resulted in a variable interest in Investment Fund. In addition, Powerhouse has determined that the Investment Fund is a VIE. The ongoing activities of the VIE – collecting and remitting interest and fees and NMTC compliance – were all considered in the initial design and are not expected to significantly affect economic performance throughout the life of the VIE. Management considered the contractual arrangements that obligate Powerhouse to deliver tax benefits and provide various other guarantees to the structure, CCE's lack of a material interest in the underlying economics of the project and the fact that Powerhouse is obligated to absorb losses of the VIE. The College concluded that Powerhouse was the primary beneficiary and consolidated the VIE in accordance with the accounting guidance for consolidation. Incremental costs to maintain the structure during the compliance period will be recognized as incurred.

Note 16. New Markets Tax Credit and Historic Tax Credit Entities (Continued)

Historic Tax Credit Entities

On June 18, 2018, the College entered into an additional financial transaction with CCE relating to the renovation project discussed above. CCE and Holdings II made initial capital contributions of $1,623,414 and $16,398, respectively to Master Tenant. The Federal Historic Preservation Tax Incentive Program (Federal HTC) is administered by the Department of Interior's National Park Service in partnership with the Internal Revenue Services. The Federal HTC program provides funding for developers that rehabilitate certified historic landmarks and buildings into income generating properties that create jobs and promote economic revitalization.

In connection with the financing above, Master Tenant will loan certain capital contributions to Powerhouse in exchange for a 3.05% note due June 2048. As of June 30, 2022 and 2021, $6,785,548 and $6,531,822, respectively was advanced under the note. In addition, capital contributions will be utilized for the purchase of certain furniture and equipment necessary to furnish the building when completed. The proceeds of the loan will be used by Powerhouse for the renovation project. Total expected capital contributions from CCE and Holdings II are $6,559,248, $1,000,000 of which is for furniture and up to $5,554,248 is available under the note agreement.

The CCE contributions through June 30, 2022 and 2021 of $6,785,548 and $6,531,822, respectively, have been included in the College's consolidated statements of financial position as a liability. Pursuant to the Master Tenant operating agreement, CCE has entered into a separate put option agreement. This agreement provides CCE with the option to put their membership interests in Master Tenant to Holdings II in exchange for the lesser of fair market value of the membership interest, and the sum of CCE's capital contributions times 5%, plus any accrued unpaid amounts and any past due amounts. The put option begins 61 months after the building is placed in service and expires 6 months later. In addition, the Master Tenant operating agreement requires that a priority return be accrued annually for distribution to CCE in an amount equal to 3% of the CCE's capital contributions.

Powerhouse is required to comply with various regulations and contractual provisions that apply to the HTC arrangement during the recapture period. Non-compliance with applicable requirements could result in projected tax benefits not being realized and, therefore, require Powerhouse, together with the College, to guarantee payment to CCE for any recapture adjustments as well as other payments until such time as Powerhouse's obligation to deliver tax benefits is relieved. Powerhouse does not anticipate that any credit recaptures will be required in connection with this arrangement.

Powerhouse has determined that the financing arrangement established through the creation of the Master Tenant, together with the put option agreement and guarantee agreement resulted in a variable interest in Master Tenant. In addition, Powerhouse has determined that the Master Tenant is a VIE. The ongoing activities of the VIE – intercompany leasing arrangements, collecting and remitting interest and fees and HTC compliance – were all considered in the initial design and are not expected to significantly affect economic performance throughout the life of the VIE. Management considered the contractual arrangements that obligate Powerhouse to deliver tax benefits and provide various other guarantees to the structure, CCE's lack of a material interest in the underlying economics of the project and the fact that Powerhouse is obligated to absorb losses of the VIE. The College concluded that Powerhouse was the primary beneficiary and consolidated the VIE in accordance with the accounting guidance for consolidation. Incremental costs to maintain the structure during the compliance period will be recognized as incurred.

On June 18, 2018, the College and Powerhouse entered into a separate agreement with U.S. Bank National Association (U.S. Bank) for the sale of certain State Historic Tax Credits.

Note 16. New Markets Tax Credit and Historic Tax Credit Entities (Continued)

With respect to the rehabilitation of the building discussed above, Powerhouse has received certification from the Wisconsin Economic Development Corporation (WEDC) that the building is eligible for a maximum of $7,500,938 of Wisconsin Historic Preservation Tax Credits for a Qualified Rehabilitated Building. Pursuant to this separate agreement, Powerhouse and the College agreed to transfer and assign to U.S. Bank these State Historic Tax Credits in exchange for an amount up to $6,976,000. The tax credits were sold to U.S. Bank during the year ended June 30, 2020.

Note 17. Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy is used for fair value measurements, which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments received and reported at fair value are classified and disclosed in one of the following three levels. There have been no changes in the techniques and inputs used at June 30, 2022 and 2021.

Level 1: Inputs are quoted prices unadjusted in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market corroborated inputs.

Level 3: Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, using the best information available in the circumstances.

Valuation techniques and inputs:

Investments in money market funds, U.S. Government bonds, common stocks and mutual funds are traded on nationally recognized exchanges. Fair value is based on quoted market prices which are readily available.

The fair value of the College's alternative investments, including real estate investments, private equity funds and investment companies for which quoted market prices are not readily available, are estimated using the net asset value (NAV) as a practical expedient.

The fair value of funds held in trust by others for which quoted prices are not readily available are based on a combination of observable inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). The fair values are measured at the present value of the future distributions the College expects to receive over the term of the agreements.

The fair value of investments in beneficial interest in perpetual trusts are estimated using an income approach by calculating the present value of the future distributions expected to be received based on a combination of observable inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows).

Note 17. Fair Value Measurements (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. While the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents information about the College's assets and liabilities measured at fair value on a recurring basis as of June 30, 2022, based upon the three-tier hierarchy:

	Total	Level 1	Level 2	Level 3
Assets				
Investments:				
Mutual funds—bonds:				
U.S. bonds	$ 15,427,632	$ 15,427,632	$ -	$ -
Non-U.S. bonds	2,871,798	2,871,798	-	-
Mutual funds—equities:				-
U.S. equities	21,187,994	21,187,994	-	-
Non-U.S. equities	13,455,077	13,455,077	-	-
Real estate investment	95,403	79,103	-	16,300
	53,037,904	$ 53,021,604	$ -	$ 16,300
Investments in funds measured at NAV:				
Investment companies	9,768,857			
Private equity funds	4,308,937			
Investments not recorded at fair value:				
Money market funds	90,611			
Accrued interest and dividends	3,206			
Total investments	$ 67,209,515			
Funds held in trust by others	$ 776,278	$ -	$ -	$ 776,278
Beneficial interest in perpetual trusts	$ 3,008,461	$ -	$ -	$ 3,008,461

Note 17. Fair Value Measurements (Continued)

The following table presents information about the College's assets and liabilities measured at fair value on a recurring basis as of June 30, 2021, based upon the three-tier hierarchy:

	Total	Level 1	Level 2	Level 3
Assets				
Investments:				
Mutual funds—bonds:				
U.S. bonds	16,455,917	16,455,917	-	-
Non-U.S. bonds	3,047,301	3,047,301	-	-
Mutual funds—equities:				
U.S. equities	26,316,528	26,316,528	-	-
Non-U.S. equities	15,707,159	15,707,159	-	-
Real estate investment	94,880	78,580	-	16,300
	61,621,785	$ 61,605,485	$ -	$ 16,300
Investments in funds measured at NAV:				
Investment companies	10,816,849			
Private equity funds	6,456,895			
Investments not recorded at fair value:				
Money market funds	75,172			
Certificates of deposit	41,277			
Accrued interest and dividends	4,659			
Total investments	$ 79,016,637			
Funds held in trust by others	$ 831,325	$ -	$ -	$ 831,325
Beneficial interest in perpetual trusts	$ 3,603,843	$ -	$ -	$ 3,603,843

The following table presents a reconciliation of financial instruments measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the years ended June 30, 2022 and 2021:

	Real Estate Investment	Funds Held in Trust for Others	Beneficial Interest in Perpetual Trust
Balance June 30, 2020	$ 16,300	$ 672,845	$ 3,074,237
Change in value	-	158,480	529,606
Balance June 30, 2021	16,300	831,325	3,603,843
Change in value	-	(55,047)	(595,382)
Balance June 30, 2022	$ 16,300	$ 776,278	$ 3,008,461

The College uses the NAV as a practical expedient to determine fair value. The NAV is based on the underlying investments of the funds. Investments valued using NAV as a practical expedient are not included in the levels within the fair value hierarchy.

Note 17. Fair Value Measurements (Continued)

The following table sets forth additional disclosures of the College's alternative investments whose fair value was estimated using NAV as a practical expedient as of June 30, 2022:

	Fair Value		Unfunded Commitments as of June 30,
	2022	2021	2022
Abbott Capital VI	$ 2,031,087	$ 3,084,147	$ 25,000
Rockwood	2,018,612	2,342,522	229,714
Crow	180,809	962,520	257,507
Other	78,429	67,706	-
	$ 4,308,937	$ 6,456,895	$ 512,221

The private equity funds listed above have fixed termination dates and the College may not redeem prior to those dates. The term for these agreements is within 10 to 12 years from the initial investment.

The alternative investments seek to take long and short positions primarily in equity securities of publicly traded companies. The funds' principal objective is to deliver risk-adjusted returns with low correlations to market indices.

The following table summarizes the College's investments in investment companies by strategy, which are valued using the practical expedient as of June 30, 2022 and 2021:

	Fair Value			Redemption
Investment Strategy	2022	2021	Redemptions Permitted	Notice Period in Days
Multi-strategy	$ 8,316,569	$ 8,780,839	Quarterly	65
Education, healthcare and storage real estate	1,452,288	2,036,010	N/A	N/A
	$ 9,768,857	$ 10,816,849		

Note 18. Functional Expenses

The College's expenses have been classified according to their function and natural expenses as follows for the years ended June 30, 2022 and 2021:

2022	Instructional	Student Services	Academic Support	Auxiliary Enterprises	General and Administrative	Total
Salaries	$ 6,571,290	$ 3,152,900	$ 1,326,385	$ 171,130	$ 5,778,776	$ 17,000,481
Benefits	1,816,645	797,193	352,945	67,856	2,492,619	5,527,258
Student employment	105,841	324,742	150,811	215,467	115,216	912,077
Supplies	170,847	527,381	129,386	91,741	842,023	1,761,378
Services	275,456	2,995,204	276,597	5,069,288	4,490,148	13,106,693
Travel/meals	68,155	476,664	75,514	3,687	713,739	1,337,759
Utilities	-	14,560	-	6,091	1,411,642	1,432,293
Interest	12,121	-	-	15,566	2,880	30,567
Depreciation	736,569	730,013	427,385	1,409,691	1,337,519	4,641,177
Other	257,806	103,722	484,038	30,403	742,756	1,618,725
Total	$ 10,014,730	$ 9,122,379	$ 3,223,061	$ 7,080,920	$ 17,927,318	$ 47,368,408

2021	Instructional	Student Services	Academic Support	Auxiliary Enterprises	General and Administrative	Total
Salaries	$ 6,587,193	$ 3,105,698	$ 1,496,582	$ 182,414	$ 6,087,117	$ 17,459,004
Benefits	2,789,330	843,460	424,735	55,311	1,993,275	6,106,111
Student employment	83,474	240,862	119,885	154,635	167,918	766,774
Supplies	137,308	619,373	279,216	146,358	814,912	1,997,167
Services	1,782,392	1,985,260	953,064	3,495,126	478,405	8,694,247
Travel/meals	14,151	223,752	128,832	4,074	159,816	530,625
Utilities	-	11,056	-	6,188	1,298,983	1,316,227
Interest	18,843	-	-	24,199	6,040	49,082
Depreciation	551,070	553,905	307,961	1,291,440	2,101,950	4,806,326
Other	-	62	714,880	-	436,622	1,151,564
Total	$ 11,963,761	$ 7,583,428	$ 4,425,155	$ 5,359,745	$ 13,545,038	$ 42,877,127

The consolidated financial statements present certain expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function include plant maintenance, depreciation, amortization, and other occupancy costs and are allocated based on square footage and tuition remission which is allocated based on total salaries. Salaries and benefits are allocated based on time and effort in each program.

Note 19. Contingencies

The College has certain claims and pending legal proceedings that generally involve employment issues. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the College. In the opinion of management, the ultimate disposition of such proceedings are not expected to have a material adverse effect on the College's financial position, statement of activities or cash flows.

Supplementary Information

Beloit College and Subsidiaries

Consolidating Statement of Financial Position
June 30, 2022

	Beloit College	Beloit Powerhouse Holdings, Inc.	Beloit Powerhouse Holdings II, LLC	Beloit Powerhouse, LLC and Affiliates	Eliminations	Total
Assets						
Cash and cash equivalents	$ 9,608,854	$ -	$ -	$ 1,835,087	$ -	$ 11,443,941
Accounts receivable, net	7,633,757	-	-	1,786,545	(6,011,883)	3,408,419
Contributions receivable, net	5,458,861	-	-	-	-	5,458,861
Student loans receivable, net	7,530,716	-	-	-	-	7,530,716
Other assets	1,133,951	-	-	-	-	1,133,951
Investments	67,209,515	-	-	-	-	67,209,515
Property, plant and equipment, net	58,973,458	-	-	44,003,988	(3,060,660)	99,916,786
Operating right of use lease asset	13,552,297	-	-	-	(13,241,929)	310,368
Funds held in trust by others	776,278	-	-	-	-	776,278
Beneficial interest in perpetual trusts	3,008,461	-	-	-	-	3,008,461
Note receivable, affiliate	10,111,700	-	-	-	(10,111,700)	-
Investment in subsidiaries	25,388,643	1,005,897	18,972,558	-	(45,367,098)	-
Total assets	$ 210,386,491	$ 1,005,897	$ 18,972,558	$ 47,625,620	$ (77,793,270)	$ 200,197,296
Liabilities and Net Assets						
Liabilities:						
Accounts payable and other accrued liabilities	$ 3,181,677	$ -	$ -	$ 4,712,523	$ (5,010,659)	$ 2,883,541
Deferred revenue	2,302,966	-	-	-	-	2,302,966
Student deposits and deferred grant revenue	338,572	-	-	-	-	338,572
Other liabilities	92,043	-	-	-	-	92,043
Refundable advance from U.S. government	708,825	-	-	-	-	708,825
Annuities payable	3,005,320	-	-	-	-	3,005,320
Long-term debt	8,743,897	-	-	-	(195,584)	8,548,313
Operating right of use lease liability	14,466,352	-	-	-	(14,155,552)	310,800
Historic tax credit obligation	-	-	-	6,950,362	-	6,950,362
New market tax credit obligation	-	-	-	4,863,300	-	4,863,300
Notes payable, affiliates	-	-	-	9,916,116	(9,916,116)	-
Total liabilities	32,839,652	-	-	26,442,301	(29,277,911)	30,004,042
Net assets:						
Net assets without donor restrictions	55,511,432	1,005,897	18,972,558	21,417,516	(48,515,359)	48,392,044
Net assets with donor restrictions	122,035,407	-	-	-	-	122,035,407
Non-controlling interest in net assets without donor restrictions	-	-	-	(234,197)	-	(234,197)
Total net assets	177,546,839	1,005,897	18,972,558	21,183,319	(48,515,359)	170,193,254
Total liabilities and net assets	$ 210,386,491	$ 1,005,897	$ 18,972,558	$ 47,625,620	$ (77,793,270)	$ 200,197,296

Beloit College and Subsidiaries

Consolidating Statement of Activities
Year Ended June 30, 2022

	Net Assets Without Donor Restrictions						Net Assets With Donor Restrictions	
	Beloit College	Beloit Powerhouse Holdings, Inc.	Beloit Powerhouse Holdings II, LLC	Beloit Powerhouse, LLC and Affiliates	Eliminations	Total	Beloit College	Total
Operating revenues:								
Student tuition and fees	$ 49,443,085	$ -	$ -	$ -	$ -	$ 49,443,085	$ -	$ 49,443,085
Less:								
Funded student financial assistance	(2,175,143)	-	-	-	-	(2,175,143)	-	(2,175,143)
Unfunded student financial assistance	(34,516,885)	-	-	-	-	(34,516,885)	-	(34,516,885)
Net student tuition and fees	12,751,057	-	-	-	-	12,751,057	-	12,751,057
Auxiliary enterprises	8,130,482	-	-	-	-	8,130,482	-	8,130,482
Contributions	6,222,886	-	-	-	-	6,222,886	3,348,329	9,571,215
Government contracts and grants	4,334,314	-	-	-	-	4,334,314	-	4,334,314
Investment return allocated for operations	1,848,480	-	-	-	-	1,848,480	5,997,114	7,845,594
Other income	2,633,953	-	-	1,613,566	(1,449,734)	2,797,785	-	2,797,785
Net assets released from restrictions	6,057,274	-	-	-	-	6,057,274	(6,057,274)	-
Total operating revenues	41,978,446	-	-	1,613,566	(1,449,734)	42,142,278	3,288,169	45,430,447
Operating expenses:								
Salaries	17,000,481	-	-	-	-	17,000,481	-	17,000,481
Benefits	5,527,258	-	-	-	-	5,527,258	-	5,527,258
Student employment	912,077	-	-	-	-	912,077	-	912,077
Supplies	1,761,378	-	-	-	-	1,761,378	-	1,761,378
Services	13,932,516	-	-	-	(825,823)	13,106,693	-	13,106,693
Travel and meals	1,337,759	-	-	-	-	1,337,759	-	1,337,759
Utilities	1,432,293	-	-	-	-	1,432,293	-	1,432,293
Interest	30,567	-	-	-	-	30,567	-	30,567
Depreciation	3,660,381	-	-	1,225,836	(245,040)	4,641,177	-	4,641,177
Other	1,327,127	-	-	392,715	(101,117)	1,618,725	-	1,618,725
Total operating expenses	46,921,837	-	-	1,618,551	(1,171,980)	47,368,408	-	47,368,408
Net (decrease) increase from operations	(4,943,391)	-	-	(4,985)	(277,754)	(5,226,130)	3,288,169	(1,937,961)
Non-operating activities:								
Investment income:								
Interest income	52,875	-	-	-	-	52,875	644,987	697,862
Net loss on investments	(795,009)	-	-	-	-	(795,009)	(7,299,780)	(8,094,789)
Total investment loss	(742,134)	-	-	-	-	(742,134)	(6,654,793)	(7,396,927)
Investment return allocated for operations	(1,848,480)	-	-	-	-	(1,848,480)	(5,997,114)	(7,845,594)
	(2,590,614)	-	-	-	-	(2,590,614)	(12,651,907)	(15,242,521)
Interest income on cash and cash equivalents	106,125	-	-	-	(101,117)	5,008	7,811	12,819
Endowment gifts	-	-	-	-	-	-	1,395,891	1,395,891
Capital gifts and grants	-	-	-	-	-	-	25	25
Changes in value of split-interest agreements	(515,137)	-	-	-	-	(515,137)	(289,597)	(804,734)
Gain on extinguishment of SBA PPP Loan	4,647,697	-	-	-	-	4,647,697	-	4,647,697
Loss from subsidiaries	(67,704)	(20,874)	(46,787)	-	135,365	-	-	-
Other non-operating activities	3,325,253	-	-	(205,589)	(3,305,700)	(186,036)	153,199	(32,837)
Total non-operating activities	4,905,620	(20,874)	(46,787)	(205,589)	(3,271,452)	1,360,918	(11,384,578)	(10,023,660)
Change in net assets	(37,771)	(20,874)	(46,787)	(210,574)	(3,549,206)	(3,865,212)	(8,096,409)	(11,961,621)
Net assets at beginning of period	55,549,203	1,026,771	19,019,345	21,393,893	(44,966,153)	52,023,059	130,131,816	182,154,875
Net assets at end of period	$ 55,511,432	$ 1,005,897	$ 18,972,558	$ 21,183,319	$ (48,515,359)	$ 48,157,847	$ 122,035,407	$ 170,193,254

Beloit Powerhouse, LLC and Affiliates

Consolidating Statement of Financial Position
June 30, 2022

	Beloit Powerhouse, LLC	Powerhouse Master Tenant, LLC	Chase NMTC Beloit Powerhouse Investment Fund, LLC	Sub-CDEs **	Eliminations	Total
Assets						
Cash and cash equivalents	$ 783,668	$ 452,313	$ -	$ 599,106	$ -	$ 1,835,087
Accounts receivable, net	1,967,833	1,786,545	-	-	(1,967,833)	1,786,545
Property, plant and equipment, net	43,252,251	751,737	-	-	-	44,003,988
Notes receivable, affiliate	-	6,785,548	-	14,310,000	(21,095,548)	-
Operating right out use lease asset	-	10,076,418	-	-	(10,076,418)	-
Investment in subsidiaries	-	-	14,907,615	-	(14,907,615)	-
Total assets	$ 46,003,752	$ 19,852,561	$ 14,907,615	$ 14,909,106	$ (48,047,414)	$ 47,625,620
Liabilities and Equity						
Liabilities:						
Accounts payable and other accrued liabilities	$ 3,343,222	$ 3,168,831	$ 168,303	$ -	$ (1,967,833)	$ 4,712,523
Notes payable, affiliates	20,899,964	-	10,111,700	-	(21,095,548)	9,916,116
Operating right of use lease liability	-	10,779,129	-	-	(10,779,129)	-
Historic tax credit obligation	-	6,950,362	-	-	-	6,950,362
New market tax credit obligation	-	-	4,863,300	-	-	4,863,300
Total liabilities	24,243,186	20,898,322	15,143,303	-	(33,842,510)	26,442,301
Equity:						
Beloit Powerhouse, LLC members' equity	21,760,566	(1,045,761)	-	-	702,711	21,417,516
Noncontrolling interest	-	-	(235,688)	14,909,106	(14,907,615)	(234,197)
Total equity	21,760,566	(1,045,761)	(235,688)	14,909,106	(14,204,904)	21,183,319
Total liabilities and equity	$ 46,003,752	$ 19,852,561	$ 14,907,615	$ 14,909,106	$ (48,047,414)	$ 47,625,620

** The Sub-CDE column includes the balances of BH New Markets Sub-CDE 18, LLC, Brownfield Revitalization 48, LLC and CNMC Sub-CDE 165, LLC, which are variable interest entities of Beloit Powerhouse, LLC.

Beloit Powerhouse, LLC and Affiliates

Consolidating Statement of Income
Year Ended June 30, 2022

	Beloit Powerhouse, LLC	Powerhouse Master Tenant, LLC	Chase NMTC Beloit Powerhouse Investment Fund, LLC	Sub-CDEs **	Eliminations	Total
Operating revenues:						
Other income	$ 1,245,000	$ 1,657,837	$ -	$ 163,832	$ (1,453,103)	$ 1,613,566
Income from subsidiaries	-	-	163,816	-	(163,816)	-
Total operating revenues	1,245,000	1,657,837	163,816	163,832	(1,616,919)	1,613,566
Operating expenses:						
Other operating expenses	1,662,486	1,674,407	101,117	-	(1,819,459)	1,618,551
Total operating expenses	1,662,486	1,674,407	101,117	-	(1,819,459)	1,618,551
Nonoperating activities	-	(205,589)	-	-	-	(205,589)
Net (loss) income	$ (417,486)	$ (222,159)	$ 62,699	$ 163,832	$ 202,540	$ (210,574)

** The Sub-CDE column includes the activity of BH New Markets Sub-CDE 18, LLC, Brownfield Revitalization 48, LLC and CNMC Sub-CDE 165, LLC, which are variable interest entities of Beloit Powerhouse, LLC.

Beloit College

Schedule of Investments Held
June 30, 2022 (Unaudited)

	Cost	Market	Unrealized Gain(Loss)
Equities			
U.S. equities	$ 21,743,314	$ 21,187,994	$ (555,320)
Non-U.S. equities	15,793,794	13,455,077	(2,338,717)
Total equities	37,537,108	34,643,071	(2,894,037)
Fixed Income			
U.S. bonds	16,792,061	15,427,632	(1,364,429)
Non-U.S. bonds	3,370,570	2,871,798	(498,772)
Total equities	20,162,631	18,299,430	(1,863,201)
Other Funds			
Money market	90,611	90,611	-
Equity REITS	99,290	95,403	(3,887)
Investment companies	9,910,098	9,768,857	(141,241)
Private equity funds	5,129,149	4,308,937	(820,212)
Total other funds	15,229,148	14,263,808	(965,340)
Accrued interest and pending trades	3,206	3,206	-
Total	$ 72,932,093	$ 67,209,515	$ (5,722,578)