Beloit College
and Subsidiaries

Financial Report
June 30, 2023

Contents

RSM

Independent Auditor's Report

RSM US LLP

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, 2023 and 2022, the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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 the College's internal control. Accordingly, no such opinion is expressed.

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

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

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

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 rather than to present the financial position and results of operations of the individual subsidiaries and affiliates 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 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
December 18, 2023

Beloit College and Subsidiaries

Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	**$ 8,845,824**	$ 11,443,941
Accounts receivable, net	**3,814,127**	3,408,419
Contributions receivable, net	**2,983,399**	5,458,861
Student loans receivable, net	**7,755,321**	7,530,716
Other assets	**1,112,890**	1,133,951
Investments	**70,863,736**	67,209,515
Property, plant and equipment, net	**99,491,890**	99,916,786
Operating right-of-use lease asset	**160,446**	310,368
Funds held in trust by others	**1,061,286**	776,278
Beneficial interest in perpetual trusts	**3,125,778**	3,008,461
Total assets	**$ 199,214,697**	$ 200,197,296
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other accrued liabilities	**$ 2,493,456**	$ 2,883,541
Deferred revenue	**532,349**	2,302,966
Student deposits	**293,413**	338,572
Other liabilities	**117,043**	92,043
Refundable advance from U.S. government	**418,514**	708,825
Annuities payable	**3,212,092**	3,005,320
Long-term debt, net	**10,944,811**	8,548,313
Operating right-of-use lease liability	**160,490**	310,800
Historic tax credit obligation	**6,544,574**	6,950,362
New market tax credit obligation	**4,863,300**	4,863,300
Total liabilities	**29,580,042**	30,004,042
Net assets:		
Net assets without donor restrictions	**45,306,115**	48,392,044
Noncontrolling interest in net assets without donor restrictions	**308,723**	(234,197)
Total net assets without donor restrictions	**45,614,838**	48,157,847
Net assets with donor restrictions	**124,019,817**	122,035,407
Total net assets	**169,634,655**	170,193,254
Total liabilities and net assets	**$ 199,214,697**	$ 200,197,296

See notes to consolidated financial statements.

Beloit College and Subsidiaries

Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Student tuition and fees	$ 48,853,807	$ -	$ 48,853,807
Less:			
Funded student financial assistance	(3,173,734)	-	(3,173,734)
Unfunded student financial assistance	(32,863,174)	-	(32,863,174)
Net student tuition and fees	12,816,899	-	12,816,899
Auxiliary enterprises	7,880,554	-	7,880,554
Financial contributions	10,016,989	4,818,444	14,835,433
Nonfinancial contributions	277,216	-	277,216
Government contracts and grants	1,914,604	-	1,914,604
Investment return allocated for operations	1,317,369	5,353,517	6,670,886
Other income	1,083,288	-	1,083,288
Net assets released from restrictions	10,506,572	(10,506,572)	-
Total operating revenues	45,813,491	(334,611)	45,478,880
Operating expenses:			
Salaries	17,618,463	-	17,618,463
Benefits	6,107,534	-	6,107,534
Student employment	1,049,821	-	1,049,821
Supplies	1,556,084	-	1,556,084
Services	11,547,548	-	11,547,548
Travel and meals	1,921,956	-	1,921,956
Utilities	1,479,772	-	1,479,772
Interest	471,218	-	471,218
Depreciation	5,026,664	-	5,026,664
Other	1,501,822	-	1,501,822
Total operating expenses	48,280,882	-	48,280,882
Net decrease from operations	(2,467,391)	(334,611)	(2,802,002)
Nonoperating activities:			
Investment income:			
Interest income	220,568	527,418	747,986
Net gain on investments	270,814	4,256,839	4,527,653
Total investment gain	491,382	4,784,257	5,275,639
Investment return allocated for operations	(1,317,369)	(5,353,517)	(6,670,886)
	(825,987)	(569,260)	(1,395,247)
Interest income on cash and cash equivalents	199,551	160,333	359,884
Endowment gifts	720,584	449,640	1,170,224
Capital gifts and grants	-	120,783	120,783
Changes in value of split-interest agreements	1,106	408,915	410,021
Other nonoperating activities	(170,872)	1,748,610	1,577,738
Total nonoperating activities	(75,618)	2,319,021	2,243,403
Change in net assets	(2,543,009)	1,984,410	(558,599)
Net assets at beginning of period	48,157,847	122,035,407	170,193,254
Net assets at end of period	$ 45,614,838	$ 124,019,817	$ 169,634,655

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	$ 49,444,467	$ -	$ 49,444,467
Less:			
Funded student financial assistance	(2,176,525)	-	(2,176,525)
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
Financial contributions	6,094,567	3,348,329	9,442,896
Nonfinancial contributions	107,139	-	107,139
Government contracts and grants	4,334,314	-	4,334,314
Investment return allocated for operations	1,832,400	5,061,203	6,893,603
Other income	2,788,235	-	2,788,235
Net assets released from restrictions	6,057,274	(6,057,274)	-
Total operating revenues	42,095,468	2,352,258	44,447,726
Operating expenses:			
Salaries	17,013,521	-	17,013,521
Benefits	5,527,258	-	5,527,258
Student employment	912,077	-	912,077
Supplies	1,732,671	-	1,732,671
Services	13,115,268	-	13,115,268
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	1,710,408	-	1,710,408
Total operating expenses	47,452,999	-	47,452,999
Net (decrease) increase from operations	(5,357,531)	2,352,258	(3,005,273)
Nonoperating 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	(1,832,400)	(5,061,203)	(6,893,603)
	(2,574,534)	(11,715,996)	(14,290,530)
Interest income on cash and cash equivalents	5,008	7,811	12,819
Endowment gifts	21,180	1,395,891	1,417,071
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 nonoperating activities	(91,895)	153,199	61,304
Total nonoperating activities	1,492,319	(10,448,667)	(8,956,348)
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 Changes in Net Assets
Year Ended June 30, 2023

	Beloit College and Subsidiaries				
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Subtotal	Noncontrolling Interest in Net Assets Without Donor Restrictions	Total
Net assets, June 30, 2022	$ 48,392,044	$ 122,035,407	$ 170,427,451	$ (234,197)	$ 170,193,254
Change in net assets	(3,085,929)	1,984,410	(1,101,519)	542,920	(558,599)
Net assets, June 30, 2023	$ 45,306,115	$ 124,019,817	$ 169,325,932	$ 308,723	$ 169,634,655

See notes to consolidated financial statements.

Beloit College and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	**$ (558,599)**	$ (11,961,621)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	**5,026,664**	4,641,177
Write off of debt issuance costs	**-**	58,672
Amortization of debt issuance costs	**7,760**	7,760
Amortization of bond premiums	**(4,168)**	(4,167)
Loss on sale of equipment	**-**	212,988
Gain on PPP loan forgiveness	**-**	(4,647,697)
Amortization of lease liability	**(388)**	(315)
Contribution revenue for investment in endowment and capital	**(1,291,007)**	(1,395,916)
(Increase) decrease in beneficial interests in perpetual trusts	**(117,317)**	595,382
Allowance for doubtful accounts	**366,918**	96,685
Net unrealized and realized (gains) loss on investments	**(4,527,653)**	8,094,789
Change in value of split-interest agreements	**(410,047)**	804,734
Increase (decrease) from changes in:		
Receivables	**(461,945)**	2,359,535
Other assets	**21,061**	(262,048)
Accounts payable	**(390,085)**	(5,101,630)
Deferred revenues	**(1,770,617)**	123,502
Student deposits and deferred grant revenue	**(45,159)**	(18,762)
Other liabilities	**25,000**	-
Net cash used in operating activities	**(4,129,582)**	(6,396,932)
Cash flows from investing activities:		
Purchases of property, plant and equipment	**(1,807,559)**	(1,091,467)
Purchases of investments	**(6,240,078)**	(9,902,932)
Proceeds from sales of investments	**7,445,321**	11,680,877
Disbursements of loans to students	**(992,280)**	(1,183,399)
Repayments of loans by students	**456,994**	580,441
Net cash (used in) provided by investing activities	**(1,137,602)**	83,520
Cash flows from financing activities:		
Payment of principal on long-term debt	**(401,303)**	(239,153)
Payments of historic and new market tax credit obligation	**(405,788)**	-
Proceeds from historic and new market tax credit obligation	**-**	70,624
Contributions received for investment in endowment and capital	**3,766,469**	1,290,911
Decrease in U.S. government grants refundable, net	**(290,311)**	(220,103)
Net cash provided by financing activities	**2,669,067**	902,279
Net decrease in cash and cash equivalents	**(2,598,117)**	(5,411,133)

(Continued)

Beloit College and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2023 and 2022

	2023	2022
Cash and cash equivalents:		
Beginning	**$ 11,443,941**	$ 16,855,074
Ending	**$ 8,845,824**	$ 11,443,941
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest:		
Expensed	**$ 471,218**	$ 30,567
Capitalized	**$ -**	$ 332,312
Right-of-use asset and liability obtained through operating lease	**$ -**	$ 26,121
Supplemental schedules of noncash investing and financing activities:		
Purchases of property and equipment with debt	**$ 2,794,209**	$ 6,250,000

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 50 fields of study in 19 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 preprofessional 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 (U.S. GAAP).

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, 5.00% by Holdings, Inc. and 0.01% 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 90 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 of $532,654 and $476,417 at June 30, 2023 and 2022, respectively, 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. The allowance for doubtful pledges is $157,021 and $287,308 at June 30, 2023 and 2022, respectively. 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 $1,263,524 and $952,843 at June 30, 2023 and 2022, 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 nonoperating activities in the consolidated statements 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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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. Annuities payable is calculated using the 2012 IAR Mortality Tables, the IRS discount rate for each gift, and assumed rate of return from 0.60% to 7.60%. 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 nonoperating section of the consolidated statements 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.

Collections: The Logan Museum of Anthropology (LMA) is a teaching museum that engages the Beloit community by sharing stories about humanity. The LMA collections are worldwide in scope with strengths in the areas of the Great Lakes, Plains, Southwest, Mesoamerica, South America, Oceania, and the European and North African Stone Age. The LMA maintains a permanent collection and three special collections: education, documentary, and ethnobotany. The Curator and Director provide collections care and management for these collections. As a teaching museum, the mission of the Wright Museum of Art (WMA) is to advance the educational goals of the College. Its principal purpose is to provide the College and local community with diverse opportunities to appreciate, interact with, and understand the visual arts through exhibitions, collections, and programming. The WMA will only facilitate acquisitions that help to develop the existing strengths of the permanent collection and education collections.

Note 1. Summary of Significant Accounting Policies (Continued)

These strengths include European and American graphics, European and American paintings, and contemporary sculptural works, as well as Asian (primarily Chinese and Japanese) decorative arts. The Collections Manager is directly responsible for the management and care of the permanent and education collections. This responsibility includes preservation, acquisition, accession and registration, deaccession, loan of, and access to the Wright Museum of Art's collections.

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. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as decreases in net assets with donor restrictions if the assets used to purchase the items were restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. These museum collections are insured at a value of approximately $10,500,000 as of June 30, 2023 and 2022. Proceeds from the disposal of collection items are used to acquire new collection items or in the direct care of existing collections. The College defines direct care as an expenditure that makes physical or immediate impact on an object that increases or restores its cultural or scientific value, thus prolonging its life and usefulness, and is not normally part of the operating budget, as defined by the American Alliance of Museums.

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 consolidated 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 are 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.

Note 1. Summary of Significant Accounting Policies (Continued)

Net assets without donor restrictions: Net assets are 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.

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 33rd 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 $36,036,908 and $36,693,410 for the years ended June 30, 2023 and 2022, 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 consolidated 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 records accounts receivable when it has the unconditional right to bill students and receive payment, regardless of whether revenue has been recognized. When consideration is received and revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. The College does not recognize revenue in advance of the right to invoice and therefore has not recorded a contract asset. Opening balances as of July 1, 2021, were as follows:

	Opening Balance
Accounts receivable, net of allowance for doubtful accounts	$ 5,805,816
Student loans receivable, net of allowance for doubtful accounts	6,986,581
Deferred revenue	2,179,464

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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).

Donated goods and services: The College reports the fair value of donated goods and services over which it has control (i.e., variance power) as nonfinancial contributions, without donor restrictions, and immediately thereafter, as expense when donated to the College. The College did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

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 statements 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Pending accounting pronouncement: In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. ASU 2016-13 is effective for the College as of July 1, 2023. The College is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and does not expect the impact to be significant.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP 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.

Note 1. Summary of Significant Accounting Policies (Continued)

Reclassifications: Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent events: The College has evaluated subsequent events through December 18, 2023, 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, 2023 and 2022:

	2023	2022
Tuition and fees	$ 2,122,932	$ 2,066,207
Government grants and contracts receivable	943,390	428,272
Other	1,280,459	1,390,357
Gross accounts receivable	4,346,781	3,884,836
Less allowance for doubtful accounts	(532,654)	(476,417)
Accounts receivable, net	$ 3,814,127	$ 3,408,419

Note 3. Contributions Receivable, Net

Contributions receivable as of June 30, 2023 and 2022, are composed of and are to be used for the following:

	2023	2022
Capital funds	$ 135,266	$ 159,478
Operations	3,223,175	5,869,284
Endowment	58,095	188,048
Gross contributions receivable	3,416,536	6,216,810
Less discount	(276,116)	(470,641)
Less allowance for uncollectible contributions	(157,021)	(287,308)
Net contributions receivable	$ 2,983,399	$ 5,458,861

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

	2023	2022
Less than one year	$ 1,481,253	$ 1,380,295
One to five years	1,862,366	4,638,600
More than five years	72,917	197,915
Totals	$ 3,416,536	$ 6,216,810

Note 3. Contributions Receivable, Net (Continued)

Contributions have been discounted using rates ranging from 0.25% to 5.40%. As of June 30, 2023 and 2022, the College had $1,351,103 and $3,391,768, 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, 2023 and 2022, student loans consisted of the following:

	2023	2022
Federal government programs	$ 722,064	$ 852,926
Institutional programs	8,296,781	7,630,633
Gross loans receivable	9,018,845	8,483,559
Less allowance for doubtful accounts	(1,263,524)	(952,843)
Student loans receivable, net	$ 7,755,321	$ 7,530,716

Funds advanced by the federal government of $418,514 and $708,825 at June 30, 2023 and 2022, 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, 2023 and 2022, the following amounts were past due under student loan programs:

	Amount Past Due				
	Less than 240 Days	240 Days to 2 Years	2 to 5 Years	5+ Years	Total
June 30, 2023	$ 15,000	$ 440,200	$ 273,700	$ 643,000	$ 1,371,900
June 30, 2022	7,500	31,300	192,000	854,600	1,085,400

Note 5. Investments

The following summarizes the College's investments as of June 30, 2023 and 2022:

	2023	2022
Money market funds	$ 43,090	$ 90,611
Mutual funds—bonds:		
U.S. bonds	16,555,919	15,427,632
Non-U.S. bonds	2,629,911	2,871,798
Mutual funds—equities:		
U.S. equities	23,973,427	21,187,994
Non-U.S. equities	14,002,170	13,455,077
Alternative investments:		
Private equity funds	3,236,825	4,308,937
Investment companies	10,401,585	9,768,857
Real estate investment	16,300	95,403
Accrued interest and pending investment trades	4,509	3,206
Totals	$ 70,863,736	$ 67,209,515

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, 2023 and 2022, consists of the following:

	2023	2022
Interest and dividends, net	$ 747,986	$ 697,862
Realized gains on investments	294,065	1,358,439
Unrealized gains (losses) on investments	4,233,588	(9,453,228)
Totals	$ 5,275,639	$ (7,396,927)

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.

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, 2023, 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 $55.8 million over the next five years.

Note 6. Available Resources and Liquidity (Continued)

	2023	2022
Cash and cash equivalents	$ 8,845,824	$ 11,443,941
Accounts receivable	3,814,127	3,408,419
Contributions receivable, net	2,983,399	5,458,861
Investments	70,863,736	67,209,515
Funds held in trust by others, restricted	1,061,286	776,278
Beneficial interest in perpetual trusts, restricted	3,125,778	3,008,461
Total financial assets as of June 30	90,694,150	91,305,475
Less amounts not available to meet cash needs for general expenditures within one year:		
Contributions receivable, not due in one year	1,689,855	4,247,889
Contractual or donor restrictions:		
Endowments and perpetual trusts	81,903,134	79,431,846
Restricted by time or purpose, net of financial assets spent for long-term assets of $3,411,849 and $1,372,385 not placed in service as of June 30, 2023 and 2022, respectively, endowment loan of $15,367,439 and $15,594,484 as of June 30, 2023 and 2022, respectively, contributions receivable not due in one year of $1,689,855 and $4,247,889 as of June 30, 2023 and 2022, respectively, and $5,295,244 $5,346,318 of funds appropriated for general expenditures by June 30, 2023 and 2022, respectively	16,352,296	16,042,485
Board-designated funds, net of quasi-endowment payable (receivable) of $307,195 and $(428,207) for June 30, 2023 and 2022, respectively, and $1,134,691 and $3,000,000 of funds appropriated for general expenditures by June 30, 2023 and 2022, respectively	10,156,485	7,107,401
Financial assets available to meet cash needs for general expenditures within one year	$ (19,407,620)	$ (15,524,146)

Note 7. Property, Plant and Equipment, Net

A summary of property, plant and equipment as of June 30, 2023 and 2022, is as follows:

	2023	2022
Land and land improvements	$ 10,328,402	$ 10,328,402
Buildings	122,193,755	122,193,755
Building improvements	16,576,997	15,012,419
Equipment and furnishings	13,766,731	12,787,954
Dormitory and commons	26,152,480	26,152,480
Residential rental properties	891,740	891,740
Works of art	768,029	749,079
Books	1,125,851	1,125,851
	191,803,985	189,241,680
Less accumulated depreciation	(95,723,944)	(90,697,279)
	96,080,041	98,544,401
Construction in process	3,411,849	1,372,385
Property, plant and equipment, net	$ 99,491,890	$ 99,916,786

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 amount of loan forgiven was $4,647,697 on October 31, 2021 and was recognized as a gain on extinguishment of debt in nonoperating activities in the College's consolidated statement of activities for the year ended June 30, 2022.

On September 14, 2016, Wisconsin Health and Educational Facilities Authority (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 ended June 30, 2019, the College repurchased $21,635,000 and during the year ended 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. GAAP, reacquisition by the College of its outstanding Series 2016 bonds requires derecognition 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.

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 $199,550 and $199,534 for the years ended June 30, 2023 and 2022, respectively, and is classified within services in the consolidated statements of activities.

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

In September 2021, the College entered into a payment performance contract (Contingent Payment Performance Liability) with a financing company. 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 within the project scope.

In January 2023, the College entered into an equipment finance agreement with a financing company. The contracted amount, $2,850,093, 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 monthly on outstanding balances at a rate equal to the 7.14%. equipment finance agreement has a maturity date of February 1, 2033. The liability is collateralized by a first priority security interest in all equipment installed 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, 2023 and 2022, is as follows:

	2023	2022
Series 2016 Bonds	$ 615,000	$ 615,000
Contingent Payment Performance Liability	6,048,247	6,250,000
Equipment Finance Agreement	2,850,093	-
Vendor Note	1,612,545	1,812,095
	11,125,885	8,677,095
Bond premiums	66,676	70,844
Less bond issuance costs, net of amortization	(247,750)	(199,626)
	$ 10,944,811	$ 8,548,313

Future principal payments on the long-term debt as of June 30, 2023, are due as follows:

Years ending June 30:	
2024	$ 257,079
2025	608,494
2026	616,688
2027	650,088
2028	685,846
Thereafter	8,307,690
	$ 11,125,885

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, 2023 and 2022, was $471,218 and $362,561, respectively, of which $0 and $332,312, respectively, was capitalized as part of the cost of construction related to building improvement projects financed with Contingent Payment Performance Liability and Equipment Finance Agreement.

Note 9. Related Parties

Contributions from trustees, officers, and employees totaled $2,389,206 and $1,410,099 during the years ended June 30, 2023 and 2022, 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 right-of-use (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 12 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 made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle, and equipment asset classes. The nonlease components typically represent additional services transferred to the College, such as maintenance and supplies for equipment asset class, which are variable in nature and recorded in variable lease expense in the period incurred. The College has lease transactions with related parties and has eliminated all intercompany transactions.

The components of lease expense and supplemental cash flow and consolidated statements of financial position information related to leases for the years ended June 30 are as follows:

	2023	2022
Lease cost:		
Operating lease cost	$ 154,589	$ 149,554
Variable lease cost	32,780	29,612
Other information:		
Cash paid for amounts included in the measurement of lease liabilities—operating leases	$ 153,894	$ 149,868
Operating weighted-average remaining lease term (in years)	2.21	2.63
Operating weighted-average discount rate	2.62 %	1.86 %

Note 10. Leases and Rent Expense (Continued)

The approximate future minimum lease payments under operating leases at June 30, 2023, are as follows:

Years ending:	
2024	$ 95,850
2025	41,401
2026	19,426
2027	10,341
Total lease payments	167,018
Less imputed interest	(6,528)
Total present value of lease liabilities	$ 160,490

Note 11. Net Assets

Net assets without donor restrictions are those that 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, 2023 and 2022, the College's net assets without donor restrictions which are Board designated for investment in the endowment totaled $9,328,989 and $9,679,194, respectively.

Net assets were released for the following purposes during the years ended June 30, 2023 and 2022:

	2023	2022
Scholarships	$ 4,805,670	$ 1,585,764
Academic support	1,584,018	1,217,804
Instruction	1,681,594	1,772,700
Student loans	5,573	3,271
Capital expenditure	660,890	512,380
Other	1,768,827	965,355
	$ 10,506,572	$ 6,057,274

Note 11. Net Assets (Continued)

As of June 30, 2023 and 2022, the College's net assets with donor restrictions totaled $124,019,817 and $122,035,407. Donor-restricted assets in perpetuity were $76,309,421 and $73,862,274 as of June 30, 2023 and 2022, respectively. Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	2023	2022
Subject to expenditure for the following specified purposes:		
Capital expenditures	$ 13,821,676	$ 14,351,483
Student loans	665,153	551,910
Academic support	5,631,164	5,337,055
Instruction	5,057,412	5,027,168
Scholarships	10,080,405	10,703,312
Other	2,546,170	2,810,078
Contributions receivable, investment earnings/losses, and other	4,314,703	3,822,555
	42,116,683	42,603,561
Endowments and perpetual trusts, the income from which is expendable for the following:		
Scholarships	29,274,301	28,912,052
Instruction	30,415,718	30,404,975
Academic support	13,029,108	12,852,352
Other	3,590,294	1,692,895
Beneficial interest in perpetual trusts	3,125,778	3,008,463
Split-interest annuity agreements	1,504,598	1,599,672
Revolving student loan funds	963,337	961,437
	81,903,134	79,431,846
Total net assets with donor restrictions	$ 124,019,817	$ 122,035,407

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 $899,000 and $875,000 for the years ended June 30, 2023 and 2022, 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.

Note 13. Self-Insurance (Continued)

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 $280,000 and $250,000 as of June 30, 2023 and 2022, 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 restrictions (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, 2023 and 2022:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 76,309,421	$ 76,309,421	$ -	$ 73,862,274	$ 73,862,274
Board-designated endowment funds	9,328,989	-	9,328,989	9,679,194	-	9,679,194
Total endowment assets	$ 9,328,989	$ 76,309,421	$ 85,638,410	$ 9,679,194	$ 73,862,274	$ 83,541,468

Note 15. Endowment (Continued)

Changes in endowment assets for June 30, 2023 and 2022, are as follows:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning	$ 9,679,194	$ 73,862,274	$ 83,541,468	$ 11,582,243	$ 82,527,915	$ 94,110,158
Investment return	262,405	4,938,955	5,201,360	(96,988)	(6,652,893)	(6,749,881)
Contributions and other additions	720,584	449,640	1,170,224	23,403	1,393,668	1,417,071
Appropriation of endowment assets	(1,317,369)	(5,353,517)	(6,670,886)	(1,832,400)	(5,061,203)	(6,893,603)
Repayment of appropriated bond fund	-	660,000	660,000	-	645,000	645,000
Other	(15,825)	1,752,069	1,736,244	2,936	1,009,787	1,012,723
Endowment assets, ending	$ 9,328,989	$ 76,309,421	$ 85,638,410	$ 9,679,194	$ 73,862,274	$ 83,541,468

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:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Cash and investments	$ 9,021,794	$ 60,941,982	$ 69,963,776	$ 10,107,401	$ 58,267,790	$ 68,375,191
Endowment loan (payable) receivable	307,195	15,367,439	15,674,634	(428,207)	15,594,484	15,166,277
Endowment assets	$ 9,328,989	$ 76,309,421	$ 85,638,410	$ 9,679,194	$ 73,862,274	$ 83,541,468

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 ended June 30, 2023, deficiencies of this nature, reported in net assets with donor restrictions, had an original gift value of approximately $22,244,000, a current fair market value of approximately $20,463,000 and a deficiency of approximately $1,781,000. For the year ended 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 approximately $24,094,000 and a deficiency of approximately $1,987,000. 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.

Note 15. Endowment (Continued)

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 three 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 (NMTC) 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. Noncompliance 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.

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

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.

Historic tax credit (HTC) 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, 2023 and 2022, $6,760,548 and $6,785,548, 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, 2023 and 2022, of $6,760,548 and $6,785,548, 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 six 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. Noncompliance 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.

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

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.

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, 2023 and 2022.

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 mutual funds are traded on nationally recognized exchanges. Fair value is based on quoted market prices which are readily available.

Note 17. Fair Value Measurements (Continued)

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).

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, 2023, based upon the three-tier hierarchy:

	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
Mutual funds—bonds:				
U.S. bonds	$ 16,555,919	$ 16,555,919	$ -	$ -
Non-U.S. bonds	2,629,911	2,629,911	-	-
Mutual funds—equities:				-
U.S. equities	23,973,427	23,973,427	-	-
Non-U.S. equities	14,002,170	14,002,170	-	-
Real estate investment	16,300	-	-	16,300
	57,177,727	$ 57,161,427	$ -	$ 16,300
Investments in funds measured at NAV:				
Investment companies	10,401,585			
Private equity funds	3,236,825			
Investments not recorded at fair value:				
Money market funds	43,090			
Accrued interest and dividends	4,509			
Total investments	$ 70,863,736			
Funds held in trust by others	$ 1,061,286	$ -	$ -	$ 1,061,286
Beneficial interest in perpetual trusts	$ 3,125,778	$ -	$ -	$ 3,125,778

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, 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

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, 2023 and 2022:

	Real Estate Investment	Funds Held in Trust for Others	Beneficial Interest in Perpetual Trust
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
Change in value	-	285,008	117,317
Balance June 30, 2023	$ 16,300	$ 1,061,286	$ 3,125,778

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:

	Fair Value		Unfunded Commitments as of June 30,
	2023	2022	2023
Abbott Capital VI	$ 1,640,133	$ 2,031,087	$ 25,000
Rockwood	1,446,943	2,018,612	188,804
Crow	103,339	180,809	257,507
Other	46,410	78,429	-
	$ 3,236,825	$ 4,308,937	$ 471,311

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, 2023 and 2022:

	Fair Value			Redemption
Investment Strategy	2023	2022	Redemptions Permitted	Notice Period in Days
Multistrategy	$ 9,043,954	$ 8,316,569	Quarterly	65
Education, health care and storage real estate	1,302,643	1,452,288	N/A	N/A
Global real estate	54,988	-	N/A	N/A
	$ 10,401,585	$ 9,768,857		

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, 2023 and 2022:

2023	Instructional	Student Services	Academic Support	Auxiliary Enterprises	General and Administrative	Total
Salaries	$ 6,914,038	$ 3,731,213	$ 1,586,593	$ 840,015	$ 4,546,604	$ 17,618,463
Benefits	2,059,111	1,034,122	472,838	301,090	2,240,373	6,107,534
Student employment	132,189	378,311	201,130	196,802	141,389	1,049,821
Supplies	240,767	481,298	124,596	226,910	482,513	1,556,084
Services	1,168,491	1,348,678	860,829	3,656,589	4,512,961	11,547,548
Travel/meals	315,598	735,462	370,515	6,125	494,256	1,921,956
Utilities	374,382	346,267	131,700	550,475	76,948	1,479,772
Interest	12,622	-	-	16,210	442,386	471,218
Depreciation	575,456	589,790	353,210	1,331,523	2,176,685	5,026,664
Other	191,218	93,923	839,893	145,824	230,964	1,501,822
Total	$ 11,983,872	$ 8,739,064	$ 4,941,304	$ 7,271,563	$ 15,345,079	$ 48,280,882

2022	Instructional	Student Services	Academic Support	Auxiliary Enterprises	General and Administrative	Total
Salaries	$ 6,917,840	$ 3,596,810	$ 1,479,291	$ 710,746	$ 4,308,834	$ 17,013,521
Benefits	1,927,549	940,287	398,031	241,801	2,019,590	5,527,258
Student employment	108,704	328,435	151,975	219,957	103,006	912,077
Supplies	234,460	609,458	142,207	191,514	555,032	1,732,671
Services	1,238,357	1,752,365	586,983	3,552,982	5,984,581	13,115,268
Travel/meals	147,834	583,252	210,684	4,290	391,699	1,337,759
Utilities	320,261	413,217	130,195	502,305	66,315	1,432,293
Interest	12,121	-	-	15,566	2,880	30,567
Depreciation	519,725	538,359	339,326	1,384,400	1,859,367	4,641,177
Other	197,010	102,851	543,618	38,461	828,468	1,710,408
Total	$ 11,623,861	$ 8,865,034	$ 3,982,310	$ 6,862,022	$ 16,119,772	$ 47,452,999

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, consolidated statements of activities, or cash flows.

Note 20. Nonfinancial Contributions

The College receives in-kind contributions in the form of artwork, books and other media, which are included in the accompanying consolidated statements of activities as nonfinancial contributions. Tangible gifts will be credited to the donor at full fair market value at the time of the gift, contingent upon the College's acceptance of the gift. Gifts may not have restrictions or limiting conditions, such as requirements concerning sale of the items, for College to accept. The College did not monetize any contributed nonfinancial assets. Unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

Donated goods for the years ended June 30, 2023 and 2022, were as follows:

	Valuation Techniques and Inputs	Utilization in Programs/Activities	2023	2022
Works of art and photography	Fair value is estimated using an independent appraisal for gifts valued at $5,000 or more and by College's qualified expert for gifts under $5,000.	Wright Museum Permanent Collection, Archives, Wright Museum campus art, Logan Museum Education Collection	$ 271,095	$ 103,439
Books and written publications	Fair value is estimated based on wholesale value that would be receivaed selling similar product in the United States.	Library collection, Sustainable Shelves program, Logan Museum Education Collection, Archives	1,099	1,382
Media productions	Fair value is estimated based on wholesale value that would be receivaed selling similar product in the United States.	Archives, CELEB educational program	2,022	112
Supplies and other	Fair value is estimated based on wholesale value that would be receivaed selling similar product in the United States.	Education and student lessons	3,000	2,206
			$ 277,216	$ 107,139

Supplementary Information

Beloit College and Subsidiaries

Consolidating Statement of Financial Position
June 30, 2023

	Beloit College	Beloit Powerhouse Holdings, Inc.	Beloit Powerhouse Holdings II, LLC	Beloit Powerhouse, LLC and Affiliates	Eliminations	Total
Assets						
Cash and cash equivalents	$ 6,974,846	$ -	$ -	$ 1,870,978	$ -	$ 8,845,824
Accounts receivable, net	7,669,827	-	-	2,196,238	(6,051,938)	3,814,127
Contributions receivable, net	2,983,399	-	-	-	-	2,983,399
Student loans receivable, net	7,755,321	-	-	-	-	7,755,321
Other assets	1,112,890	-	-	-	-	1,112,890
Investments	70,863,736	-	-	-	-	70,863,736
Property, plant and equipment, net	59,729,585	-	-	42,712,550	(2,950,245)	99,491,890
Operating right-of-use lease asset	11,697,092	-	-	-	(11,536,646)	160,446
Funds held in trust by others	1,061,286	-	-	-	-	1,061,286
Beneficial interest in perpetual trusts	3,125,778	-	-	-	-	3,125,778
Note receivable, affiliate	10,111,700	-	-	-	(10,111,700)	-
Investment in subsidiaries	25,382,093	987,478	18,914,825	-	(45,284,396)	-
Total assets	$ 208,467,553	$ 987,478	$ 18,914,825	$ 46,779,766	$ (75,934,925)	$ 199,214,697
Liabilities and Net Assets						
Liabilities:						
Accounts payable and other accrued liabilities	$ 3,025,325	$ -	$ -	$ 4,187,992	$ (4,719,861)	$ 2,493,456
Deferred revenue	532,349	-	-	-	-	532,349
Student deposits	293,413	-	-	-	-	293,413
Other liabilities	117,043	-	-	-	-	117,043
Refundable advance from U.S. government	418,514	-	-	-	-	418,514
Annuities payable	3,212,092	-	-	-	-	3,212,092
Long-term debt	11,132,873	-	-	-	(188,062)	10,944,811
Operating right-of-use lease liability	13,098,848	-	-	-	(12,938,358)	160,490
Historic tax credit obligation	-	-	-	6,544,574	-	6,544,574
New market tax credit obligation	-	-	-	4,863,300	-	4,863,300
Notes payable, affiliates	-	-	-	9,923,638	(9,923,638)	-
Total liabilities	31,830,457	-	-	25,519,504	(27,769,919)	29,580,042
Net assets:						
Net assets without donor restrictions	52,617,279	987,478	18,914,825	20,951,539	(48,165,006)	45,306,115
Net assets with donor restrictions	124,019,817	-	-	-	-	124,019,817
Noncontrolling interest in net assets without donor restrictions	-	-	-	308,723	-	308,723
Total net assets	176,637,096	987,478	18,914,825	21,260,262	(48,165,006)	169,634,655
Total liabilities and net assets	$ 208,467,553	$ 987,478	$ 18,914,825	$ 46,779,766	$ (75,934,925)	$ 199,214,697

Beloit College and Subsidiaries

Consolidating Statement of Activities
Year Ended June 30, 2023

	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	$ 48,853,807	$ -	$ -	$ -	$ -	$ 48,853,807	$ -	$ 48,853,807
Less:								
Funded student financial assistance	(3,173,734)	-	-	-	-	(3,173,734)	-	(3,173,734)
Unfunded student financial assistance	(32,863,174)	-	-	-	-	(32,863,174)	-	(32,863,174)
Net student tuition and fees	12,816,899	-	-	-	-	12,816,899	-	12,816,899
Auxiliary enterprises	7,880,554	-	-	-	-	7,880,554	-	7,880,554
Financial contributions	10,016,989	-	-	-	-	10,016,989	4,818,444	14,835,433
Nonfinancial contributions	277,216	-	-	-	-	277,216	-	277,216
Government contracts and grants	1,914,604	-	-	-	-	1,914,604	-	1,914,604
Investment return allocated for operations	1,317,369	-	-	-	-	1,317,369	5,353,517	6,670,886
Other income	928,880	-	-	1,403,897	(1,249,489)	1,083,288	-	1,083,288
Net assets released from restrictions	10,506,572	-	-	-	-	10,506,572	(10,506,572)	-
Total operating revenues	45,659,083	-	-	1,403,897	(1,249,489)	45,813,491	(334,611)	45,478,880
Operating expenses:								
Salaries	17,618,463	-	-	-	-	17,618,463	-	17,618,463
Benefits	6,107,534	-	-	-	-	6,107,534	-	6,107,534
Student employment	1,049,821	-	-	-	-	1,049,821	-	1,049,821
Supplies	1,556,084	-	-	-	-	1,556,084	-	1,556,084
Services	12,872,536	-	-	12,100	(1,337,088)	11,547,548	-	11,547,548
Travel and meals	1,921,956	-	-	-	-	1,921,956	-	1,921,956
Utilities	1,479,772	-	-	-	-	1,479,772	-	1,479,772
Interest	471,218	-	-	-	-	471,218	-	471,218
Depreciation	3,845,640	-	-	1,291,438	(110,414)	5,026,664	-	5,026,664
Other	1,478,406	-	-	23,416	-	1,501,822	-	1,501,822
Total operating expenses	48,401,430	-	-	1,326,954	(1,447,502)	48,280,882	-	48,280,882
Net (decrease) increase from operations	(2,742,347)	-	-	76,943	198,013	(2,467,391)	(334,611)	(2,802,002)
Nonoperating activities:								
Investment income:								
Interest income	220,568	-	-	-	-	220,568	527,418	747,986
Net gain on investments	270,814	-	-	-	-	270,814	4,256,839	4,527,653
Total investment gain	491,382	-	-	-	-	491,382	4,784,257	5,275,639
Investment return allocated for operations	(1,317,369)	-	-	-	-	(1,317,369)	(5,353,517)	(6,670,886)
	(825,987)	-	-	-	-	(825,987)	(569,260)	(1,395,247)
Interest income on cash and cash equivalents	199,551	-	-	-	-	199,551	160,333	359,884
Endowment gifts	720,584	-	-	-	-	720,584	449,640	1,170,224
Capital gifts and grants	-	-	-	-	-	-	120,783	120,783
Changes in value of split-interest agreements	1,106	-	-	-	-	1,106	408,915	410,021
Loss from subsidiaries	(76,188)	(18,419)	(57,733)	-	152,340	-	-	-
Other nonoperating activities	(170,872)	-	-	-	-	(170,872)	1,748,610	1,577,738
Total nonoperating activities	(151,806)	(18,419)	(57,733)	-	152,340	(75,618)	2,319,021	2,243,403
Change in net assets	(2,894,153)	(18,419)	(57,733)	76,943	350,353	(2,543,009)	1,984,410	(558,599)
Net assets at beginning 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
Net assets at end of period	$ 52,617,279	$ 987,478	$ 18,914,825	$ 21,260,262	$ (48,165,006)	$ 45,614,838	$ 124,019,817	$ 169,634,655

Beloit Powerhouse, LLC and Affiliates

Consolidating Statement of Financial Position
June 30, 2023

	Beloit Powerhouse, LLC	Powerhouse Master Tenant, LLC	Chase NMTC Beloit Powerhouse Investment Fund, LLC	Sub-CDEs*	Eliminations	Total
Assets						
Cash and cash equivalents	$ 1,035,774	$ 82,967	$ -	$ 752,237	$ -	$ 1,870,978
Accounts receivable, net	2,279,330	2,375,978	-	-	(2,459,070)	2,196,238
Property, plant and equipment, net	42,060,813	651,737	-	-	-	42,712,550
Notes receivable, affiliate	-	6,760,548	-	14,310,000	(21,070,548)	-
Operating right-of-use lease asset	-	7,787,109	-	-	(7,787,109)	-
Investment in subsidiaries	-	-	15,060,731	-	(15,060,731)	-
Total assets	$ 45,375,917	$ 17,658,339	$ 15,060,731	$ 15,062,237	$ (46,377,458)	$ 46,779,766
Liabilities and Equity						
Liabilities:						
Accounts payable and other accrued liabilities	$ 3,101,227	$ 2,931,369	$ 168,303	$ -	$ (2,012,907)	$ 4,187,992
Notes payable, affiliates	20,882,486	-	10,111,700	-	(21,070,548)	9,923,638
Operating right-of-use lease liability	-	9,325,772	-	-	(9,325,772)	-
Historic tax credit obligation	-	6,544,574	-	-	-	6,544,574
New market tax credit obligation	-	-	4,863,300	-	-	4,863,300
Total liabilities	23,983,713	18,801,715	15,143,303	-	(32,409,227)	25,519,504
Equity:						
Beloit Powerhouse, LLC members' equity	21,392,204	(1,143,376)	-	-	702,711	20,951,539
Noncontrolling interest	-	-	(82,572)	15,062,237	(14,670,942)	308,723
Total equity	21,392,204	(1,143,376)	(82,572)	15,062,237	(13,968,231)	21,260,262
Total liabilities and equity	$ 45,375,917	$ 17,658,339	$ 15,060,731	$ 15,062,237	$ (46,377,458)	$ 46,779,766

*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 Powerhouse, LLC and Affiliates

Consolidating Statement of Income
Year Ended June 30, 2023

	Beloit Powerhouse, LLC	Powerhouse Master Tenant, LLC	Chase NMTC Beloit Powerhouse Investment Fund, LLC	Sub-CDEs*	Eliminations	Total
Operating revenues:						
Other income	$ 1,255,440	$ 1,558,932	$ -	$ 153,131	$ (1,563,606)	$ 1,403,897
Income from subsidiaries	-	-	153,116	-	(153,116)	-
Total operating revenues	1,255,440	1,558,932	153,116	153,131	(1,716,722)	1,403,897
Operating expenses:						
Other operating expenses	1,623,802	1,656,547	-	-	(1,953,395)	1,326,954
Total operating expenses	1,623,802	1,656,547	-	-	(1,953,395)	1,326,954
Nonoperating activities	-	-	-	-	-	-
Net (loss) income	$ (368,362)	$ (97,615)	$ 153,116	$ 153,131	$ 236,673	$ 76,943

*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, 2023 (Unaudited)

	Cost	Market	Unrealized Gain (Loss)
Equities:			
U.S. equities	$ 21,408,447	$ 23,973,427	$ 2,564,980
Non-U.S. equities	15,010,980	14,002,170	(1,008,810)
Total equities	36,419,427	37,975,597	1,556,170
Fixed income:			
U.S. bonds	17,932,071	16,555,919	(1,376,152)
Non-U.S. bonds	3,047,623	2,629,911	(417,712)
Total equities	20,979,694	19,185,830	(1,793,864)
Other funds:			
Money market	43,090	43,090	-
Equity REITS	16,300	16,300	-
Investment companies	9,542,462	10,401,585	859,123
Private equity funds	4,169,955	3,236,825	(933,130)
Total other funds	13,771,807	13,697,800	(74,007)
Accrued interest and pending trades	4,509	4,509	-
Total	$ 71,175,437	$ 70,863,736	$ (311,701)