WASHINGTON COLLEGE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

WASHINGTON COLLEGE
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT	**1**
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	**3**
STATEMENTS OF ACTIVITIES	**4**
STATEMENTS OF CASH FLOWS	**5**
NOTES TO FINANCIAL STATEMENTS	**6**

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Visitors and Governors
Washington College
Chestertown, Maryland

We have audited the accompanying financial statements of Washington College (the College), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Visitors and Governors
Washington College

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington College as of June 30, 2021 and 2020, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
January 20, 2022

WASHINGTON COLLEGE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	$ 16,430,190	$ 21,412,453
Accounts Receivable, Net	2,044,208	2,686,717
Prepaid Expenses and Other Assets	1,652,137	865,096
Pledges Receivable, Net	2,630,395	3,893,749
Student Loans Receivable, Net	49,968	59,569
Investments:		
Investments - Operating	17,357,121	17,615,045
Investments of Endowed Funds	290,554,954	226,190,012
Assets Held in Annuity Trusts	974,772	769,818
Total Investments	308,886,847	244,574,875
Interest Rate Swap Collateral	3,750,000	-
Land, Buildings, and Equipment, Net	174,143,491	180,952,494
Total Assets	$ 509,587,236	$ 454,444,953
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 2,616,831	$ 1,498,862
Accrued Salaries and Wages	1,615,440	898,476
Deferred Revenues and Deposits	2,075,043	2,201,461
Funds Held for Others	696,060	797,528
Annuities Payable	429,699	503,320
Interest Rate Swaps	7,391,020	10,283,265
Long-Term Debt, Net	60,169,200	62,457,782
Total Liabilities	74,993,293	78,640,694
NET ASSETS		
Without Donor Restrictions	125,115,744	130,842,812
With Donor Restrictions	309,478,199	244,961,447
Total Net Assets	434,593,943	375,804,259
Total Liabilities and Net Assets	$ 509,587,236	$ 454,444,953

See accompanying Notes to Financial Statements.

WASHINGTON COLLEGE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT						
Tuition and Fees, Net	$ 20,322,568	$ -	$ 20,322,568	$ 24,195,614	$ -	$ 24,195,614
U.S. Government Grants	83,152	1,574,499	1,657,651	203,130	1,797,216	2,000,346
State and Local Grants	2,012,424	667,383	2,679,807	2,012,424	5,421,438	7,433,862
Private Gifts	1,009,470	7,445,604	8,455,074	7,232,859	8,955,332	16,188,191
Endowment Return Used for Operations	862,897	13,227,179	14,090,076	869,068	12,310,838	13,179,906
Investment Income	210,580	549	211,129	339,925	(360)	339,565
Change in Value of Split-Interest Agreements	7,586	274,237	281,823	(282)	(20,122)	(20,404)
Sales, Auxiliary Enterprises	3,152,850	27,569	3,180,419	11,645,716	50,564	11,696,280
Other Sources	839,803	312,028	1,151,831	938,629	48,007	986,636
Total Operating Revenues and Gains	28,501,330	23,529,048	52,030,378	47,437,083	28,562,913	75,999,996
Net Assets Released from Restrictions	15,864,214	(15,864,214)	-	16,508,812	(16,508,812)	-
Total Operating Revenues, Gains, and Other Support	44,365,544	7,664,834	52,030,378	63,945,895	12,054,101	75,999,996
Operating Expenses:						
Instruction	21,952,255	-	21,952,255	23,636,637	-	23,636,637
Academic Support - Library	1,607,876	-	1,607,876	1,852,807	-	1,852,807
Academic Support - Other	1,376,343	-	1,376,343	1,483,473	-	1,483,473
Student Services	10,313,281	-	10,313,281	13,258,226	-	13,258,226
Institutional Support	10,306,207	-	10,306,207	11,008,881	-	11,008,881
Auxiliary Enterprises	7,552,873	-	7,552,873	9,483,371	-	9,483,371
General Administration	2,946,523	-	2,946,523	3,039,658	-	3,039,658
Total Operating Expenses	56,055,358	-	56,055,358	63,763,053	-	63,763,053
Change in Net Assets from Operating Activities	(11,689,814)	7,664,834	(4,024,980)	182,842	12,054,101	12,236,943
NONOPERATING ACTIVITIES						
Net Gain on Investments	4,142,962	70,079,097	74,222,059	613,754	5,181,171	5,794,925
Withdrawn for Endowment Payout	(862,897)	(13,227,179)	(14,090,076)	(869,068)	(12,310,838)	(13,179,906)
Loss on Disposal of Fixed Assets	(209,564)	-	(209,564)	(10,956)	-	(10,956)
Change in Fair Value of Interest Rate Swaps	2,892,245	-	2,892,245	(3,076,199)	-	(3,076,199)
Net Assets Released from Restrictions - Capital	-	-	-	11,386,842	(11,386,842)	-
Total Nonoperating Activities	5,962,746	56,851,918	62,814,664	8,044,373	(18,516,509)	(10,472,136)
CHANGE IN NET ASSETS	(5,727,068)	64,516,752	58,789,684	8,227,215	(6,462,408)	1,764,807
Net Assets - Beginning of Year	130,842,812	244,961,447	375,804,259	122,615,597	251,423,855	374,039,452
NET ASSETS - END OF YEAR	$ 125,115,744	$ 309,478,199	$ 434,593,943	$ 130,842,812	$ 244,961,447	$ 375,804,259

See accompanying Notes to Financial Statements.

WASHINGTON COLLEGE
STATEMENTS OF CASH FLOWS
JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 58,789,684	$ 1,764,807
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	8,865,304	9,086,491
Amortization	19,418	19,418
Bad Debt Expense	(181,810)	(133,046)
Loss on Retirement of Fixed Assets	209,564	10,956
Net Realized and Unrealized Gains on Investments	(74,222,059)	(5,794,925)
Change in Value of Split-Interest Agreements	(278,576)	80,540
Change in Fair Value of Interest Rate Swaps	(2,892,245)	3,076,199
Contributions Restricted for Long-Term Investment	(3,939,900)	(5,631,681)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	642,509	(1,135,524)
Prepaid Expenses and Other Assets	(787,041)	34,860
Pledges Receivable, Net	1,445,164	2,117,946
Accounts Payable, Accrued Expenses, and Accrued Salaries and Wages	1,834,933	(2,490,958)
Deferred Revenues and Deposits	(126,418)	970,130
Funds Held for Others	(101,468)	98,536
Net Cash Provided (Used) by Operating Activities	(10,722,941)	2,073,749
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(2,818,512)	(5,692,354)
Proceeds from Sale of Fixed Assets	552,647	633,908
Purchases of Investments	(75,175,932)	(69,323,355)
Proceeds from Sales of Investments	85,290,974	81,342,347
Repayments on Student Loans	9,601	8,935
Net Cash Provided by Investing Activities	7,858,778	6,969,481
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	3,939,900	5,631,681
Payments on Long-Term Debt	(2,308,000)	(2,211,000)
Payments for Interest Rate Swap Collateral	(3,750,000)	-
Net Cash Provided (Used) by Financing Activities	(2,118,100)	3,420,681
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,982,263)	12,463,911
Cash and Cash Equivalents - Beginning of Year	21,412,453	8,948,542
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 16,430,190	$ 21,412,453
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 2,867,101	$ 2,567,783
Noncash Gifts	$ 6,537	$ 11,900

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF OPERATIONS

Washington College (the College) is a private, nonprofit College of Arts and Sciences chartered by the state of Maryland in 1782. The College is situated on the Chester River on Maryland's Eastern Shore. The College enrolls approximately 1,200 undergraduate students.

The College seeks to develop in its students the habits of analytic thought, aesthetic insight, imagination, ethical sensitivity, and clarity of expression. These qualities of the mind are the result of excellent teaching, of active inquiry, and of a wide range of experiences and social interactions in an intimate community of cultural, social, and political diversity. The College also strives to enrich the cultural and intellectual life of its regional community.

Each student explores a range of disciplines in the humanities, the social sciences, and the natural sciences and concentrates on a major academic program that culminates in a significant independent project. Unhurried conversation and personal associations complement instruction and study. Thus, the College affirms the importance of its residential tradition with its opportunities to engage in the arts and sciences, athletics, service, and social activities in the company of people of varied backgrounds, experience, and interests. The College also offers certification programs, graduate studies, and opportunities for lifelong learning.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies employed by the College are described below.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, the College resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – Include expendable resources that are used to carry out the College's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the College or may be limited by contractual agreement with outside parties.

Net Assets With Donor Restrictions – Include funds received from contributions and purchases of annuities that: a) restrict their use to a specific purpose and/or the passage of time; or b) require that they be maintained in perpetuity by the College; generally, the donor of these assets permits the College to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes. The income will remain in net assets with donor restrictions until appropriated for spend, governed by the College's spending policy.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions and are allocated into functional categories depending upon the ultimate purpose of the expenditure. Expirations of restrictions on net assets, where the donor-imposed purpose has been accomplished or the stipulated time period has elapsed, are reported as net assets released from restrictions.

Cash and Cash Equivalents

The College defines cash equivalents as highly liquid financial instruments with original maturities of three months or less. The College invests excess cash in bank overnight repurchase agreements, short-term securities, and money market funds, which are converted into cash as needed to meet the College's obligations.

Investments

General

Investment securities are reflected in the accompanying financial statements at quoted fair values except for alternative investments, which include limited partnerships, real estate funds and hedge funds, for which quoted market prices are not readily available. The estimated fair value of these investments is based on net asset values provided by the general partner or investment managers during the year. The College believes that such valuations are appropriate. Because the alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

In accordance with the policy of stating investments at fair value, the change in unrealized appreciation (depreciation) of investment securities is reflected in the accompanying statements of activities. All gains and losses arising from sales, purchases, or other disposition of investments under the control of the College are accounted for on a specific identification basis calculated as of the trade date. Investment gains or losses on pooled endowment assets are distributed quarterly among the individual endowment funds on the basis of the number of units of the pool held by each individual endowment account.

Investments of Endowed Funds

The College has, from time to time, received gifts in which the donor has specified that the gift must be held in perpetuity and only the income from the gift be utilized for general or specific purposes. Such gifts, generally called endowments, are subject to the restrictions of gift instruments of the state of Maryland.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided based upon management's judgments including such factors as prior collection history and type of receivables. The College writes off receivables when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Allowances for doubtful student loans are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional loan balances are written off only when they are deemed to be permanently uncollectible. Reserves are placed on any past-due balances under the program until they are turned over to the government.

The allowance for pledges receivable was calculated by review of individual pledge balances for collectability and was based in part on historical collection trends of College donors.

Assets Held in Annuity Trusts

Assets held in annuity trusts consist of gift annuities and charitable remainder trusts. Gift annuities are agreements between donors and the College, which provide that the College pay stipulated amounts for the remaining lives of specific beneficiaries in return for a payment of a specific sum. Generally, donor payments are in excess of the present value of the stipulated payments. These agreements are regulated by the Insurance Commissioner of the state of Maryland. The initial payment is invested separately by the College at the time of receipt; the stipulated amounts are paid from the income, appreciation or corpus of the initial payment, or, if the initial payment has been expended, from the general assets of the College.

Charitable remainder trusts consist of funds subject to irrevocable agreements whereby the assets are made available to the College on the condition that the College pays stipulated amounts, limited to the assets of the trusts, for specified periods of time to designated individuals. Upon the death of the annuitants, the remaining proceeds of the trust revert to the College and may be used as stipulated by the donor. When the College is the trustee of the trusts, the assets held in the trust are recorded at fair value when received and the liability to the annuitant is recorded at the present value of the estimated future payments to be distributed over the annuitant's expected life.

For both annuities and charitable remainder annuity trusts, corresponding liabilities are included in the accompanying statements of financial position. Annually, management undertakes a revaluation of the actuarially determined liability of the annuities. The revaluation resulted in a decrease in annuities payable of $73,621 for fiscal year 2021 and a decrease of $23,128 for fiscal year 2020. There were no new annuity gifts for 2021. New annuity gifts for 2020 were $29,256.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Student Loans Receivable, Net

College loan funds held are purpose restricted funds issued as grants per donor instructions. The College continues to collect old loans issued from these funds, and they are stated at actual amounts owed.

Land, Buildings, and Equipment

Land, buildings, and equipment with useful lives greater than one year are stated at cost, or estimated fair value at date of gift, if donated. Buildings financed in whole or in part by state of Maryland capital grants are stated at the combined cost to the College and the state. 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. Generally, the cost of maintenance and repairs is charged to expense when incurred, while major acquisitions, additions, renewals, and betterments are capitalized. The College's threshold for capitalizing assets is $2,000 for an individual item and $5,000 for bulk purchases. Depreciation of buildings and equipment is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and Improvements	20 to 40 Years
Furniture and Equipment	4 to 10 Years

Operations

The accompanying statements of activities distinguish between operating and nonoperating activities. Operating activities principally include all revenues, including student tuition and fees, sales, auxiliary enterprises, government grants and contracts, private gifts and endowment return used for operations, and expenses that are an integral part of the College's educational programs and supporting activities. Nonoperating activities include gains (losses) on disposals of fixed assets or other financial instruments, investment earnings, change in value of interest rate swaps, net assets released from restriction for capital projects and other activities considered to be more of an unusual or nonrecurring nature.

Contributions and Net Assets Released from Restrictions

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of the gift. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the market risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

The College reports gifts of cash or other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished or relieved by the donor, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as Net Assets Released from Restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Net Assets Released from Restrictions (Continued)

The College has been notified of certain intentions to give from donors, which if received, would be used for general operations, program activities, and scholarships. These amounts are not included as a part of pledges receivable due to their conditional nature.

Tuition and Fee Revenue

Tuition and fee revenue consist of all tuition and fee revenue earned net of student discounts. For the years ended June 30, 2021 and 2020, these discounts amounted to $29,298,802 and $33,084,635, respectively.

Fundraising

Included in institutional support expenses for the years ended June 30, 2021 and 2020 were fundraising costs of $1,134,022 and $1,390,998, respectively.

Interest Rate Swaps

The College uses interest rate swaps to manage its exposure to changes in interest rates and to fix the overall cost of its variable rate financing. The interest rate swaps are recorded at fair value in the accompanying financial statements as a liability.

Use of Estimates

The preparation of the 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. The most significant management estimates and assumptions related to the determination of allowances for doubtful accounts for student accounts, loans, and pledges receivable; alternative investment values; useful lives of fixed assets; actuarial estimates of annuities payable; and the reported fair values of certain of the College's assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market volatility, and credit. To minimize such risks, the College has a diversified investment portfolio managed by several independent investment managers in a variety of asset classes. The College regularly evaluates its investments including performance thereof. The College maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The College's cash accounts were placed with high credit quality financial institutions. However, due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially from year to year. It is reasonably possible that changes in investments will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

Under provisions of the Internal Revenue Code Section 501(c)(3) and applicable income tax regulations of the state of Maryland, the College is exempt from taxes on income, other than unrelated business income.

The College recognizes or derecognizes a tax position based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The College does not believe its financial statements include any material uncertain tax positions.

Adoption of New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The College's financial statements reflect the application of ASC 606 guidance beginning in 2020. No cumulative-effect adjustment to net assets was recorded because the adoption did not significantly impact the College's reported historical revenue.

Contingency

The College is party to various legal proceeding and claims that arise in the ordinary course of business. Management has evaluated that the potential loss from these claims are not probable and cannot be estimated. As such, no loss contingency has been recorded within the financial statements.

Amounts received and expended by the College under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, would not have a material effect on the financial position, changes in net assets, or cash flows of the College.

NOTE 3 LIQUIDITY

The College receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated, from such endowments, is used to fund scholarships and program support. In addition, the College receives support without donor restrictions, and appropriated earnings from gifts with donor restrictions.

NOTE 3 LIQUIDITY (CONTINUED)

The College considers investment income without donor restrictions, and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the College's fiscal year.

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

As of June 30, 2021 and 2020, the College has the following financial assets available for expenditure within one year:

	2021	2020
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 16,430,190	$ 21,412,453
Accounts Receivable, Net	2,044,208	2,686,717
Pledges Receivable	2,630,395	3,893,749
Investments	308,886,847	244,574,875
Subtotal	329,991,640	272,567,794
Less: Amounts Not Available for Use Within One Year:		
Net Assets With Donor Restrictions	(309,478,199)	(244,961,447)
Donor Restricted Net Assets Appropriated for Use Within One Year	14,388,327	13,746,718
Board-Designated Endowment	(10,210,806)	(6,900,679)
Board-Designated Endowment Appropriated for Use Within One Year	355,155	346,045
Subtotal	(304,945,523)	(237,769,363)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$ 25,046,117	$ 34,798,431

The College's board of visitors and governors has designated a portion of its resources to function as endowment and for other purposes which totals $10,210,806 and $6,900,679 as of June 30, 2021 and 2020, respectively. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board.

Federal student loan receivables are not considered to be available to meet general expenditures because principal and interest on these loans are used solely to make new loans.

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition

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

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

Revenue Recognized Over Time	2021	2020
Tuition	$ 19,549,023	$ 22,498,652
Fees	773,545	1,696,962
Total	$ 20,322,568	$ 24,195,614

The following table shows the College's room and board revenues included within Sales, Auxiliary Enterprises on the statements of activities, disaggregated according to the timing of the transfer of service and by source for the year ended June 30:

Revenue Recognized Over Time	2021	2020
Housing (Room)	$ 1,559,407	$ 7,525,051
Dining (Board)	1,290,304	5,983,104
COVID-19 Credit	(2,000)	(2,651,029)
Total	$ 2,847,711	$ 10,857,126

In response to the COVID-19 global pandemic in spring 2020, the College refunded or credited student accounts with the pro rata portion of the spring term room and board charges with all students receiving a minimum refund or credit as a result of students being required to complete the term with remote learning and instruction. Fiscal year 2020 auxiliary revenues reflect these room and board refunds and resulted in an increase in deferred revenue - students.

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

Revenue Recognized Over Time	2021	2020
Accounts Receivable - Students	$ 701,131	$ 336,816
Deferred Revenue - Students	211,861	1,582,022

Performance Obligations and Revenue Recognition

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

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Performance Obligations and Revenue Recognition (Continued)

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

Transaction Price

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

Students may receive discounts, scholarships or refunds, which gives rise to variable consideration. The amount of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is reduced directly by these discounts or scholarships from the amount of the standard rates charged. Students who adjust their course load or withdraw completely within the first four weeks of the academic term (add/drop period) may receive a full or partial refund in accordance with the College's refund policy. When the student withdrawal results from a disciplinary action, regardless of the time of the withdrawal, all amounts paid to the College become nonrefundable and the College makes no refund of any kind. Fees are not refundable after the start date of the semester for which the fees have been paid. Residence hall spaces are assigned for the academic year; therefore, no refunds or credits for rooms are given for a student withdrawing for any reason after classes begin. Board refunds or credits will be determined on a pro-rated basis to be calculated based on the date of student's withdrawal.

Tuition refunds or credits will be allowed according to date on which the student withdraws, as follows:

- Before classes begin - 100% refundable;
- During the first two weeks of classes - 75% (25% is nonrefundable);
- During the third week of classes - 50% (50% is nonrefundable);
- During the fourth week of classes - 25% (75% is nonrefundable);
- After the fourth week of classes - 0% (100% is nonrefundable).

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Contract Balances

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

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

NOTE 5 INVESTMENTS

Investments, assets held in annuity trusts, investments of endowed funds and beneficial interest in assets held by trustee by investment type at June 30 are as follows:

	2021		2020	
	Market	Cost	Market	Cost
Short-Term Investments	$ 883,740	$ 883,740	$ 474,929	$ 474,929
Federal, State and Local				
Government Bonds and Notes	5,144,307	5,134,939	37,539	32,662
Corporate Bonds and Notes	35,877,798	33,411,635	33,894,792	31,516,414
Common and Preferred Stock	128,216,013	62,820,400	109,367,959	64,047,798
Hedge Funds	73,785,862	44,641,750	62,138,042	53,993,835
Limited Partnerships	56,623,670	22,038,321	31,157,556	22,038,321
Real Estate	8,355,457	7,052,458	7,504,058	7,504,058
Total	$ 308,886,847	$ 175,983,243	$ 244,574,875	$ 179,608,017

Certain investments and investments of endowed funds are invested in units of pooled investment funds on a market value basis. The pooled investment funds are managed under contract by professional management firms. The fund subscribes to or disposes of units on the basis of the per unit market value at the beginning of the calendar month within which the transaction takes place.

During the years ended June 30, 2021 and 2020, the net realized gains on the investment funds were $6,285,313 and $6,234,090, respectively. Net unrealized (losses) gains were $67,936,746 and $(439,165) at June 30, 2021 and 2020, respectively.

NOTE 6 ACCOUNTS RECEIVABLE, NET

A summary of accounts receivable at June 30, is as follows:

	2021	2020
Students	$ 701,131	$ 336,816
Employees	2,821	1,757
Grants	437,783	1,929,148
Other	972,942	442,012
Subtotal	2,114,677	2,709,733
Less: Allowance	(70,469)	(23,016)
Total	$ 2,044,208	$ 2,686,717

NOTE 7 PLEDGES RECEIVABLE, NET

At June 30, contributors to the College have unconditionally promised to give as follows:

	2021	2020
Pledges Receivable	$ 2,913,885	$ 4,359,049
Less: Discount to Present Value at Rates from 3.4% - 4.46%	(145,048)	(260,365)
Subtotal	2,768,837	4,098,684
Less: Allowance for Doubtful Accounts	(138,442)	(204,935)
Pledges Receivable, Net	$ 2,630,395	$ 3,893,749

	2021	2020
Gross Contributions to be Collected:		
Within One Year	$ 1,911,687	$ 2,077,865
One to Five Years	1,002,198	2,281,184
Total	$ 2,913,885	$ 4,359,049

NOTE 8 STUDENT LOANS RECEIVABLE, NET

At June 30, 2021 and 2020, student loans consisted of the following:

	2021	2020
Institutional Loan Program	$ 55,520	$ 64,725
Less: Allowance for Doubtful Accounts	(5,552)	(5,156)
Total	$ 49,968	$ 59,569

NOTE 8 STUDENT LOANS RECEIVABLE, NET (CONTINUED)

At June 30, 2021 and 2020, the following amounts were past due under student loan programs:

	0-60 Days Past Due	60-90 Days Past Due	90+ Days Past Due	Total Past Due
June 30, 2021	$ -	$ -	$ 55,520	$ 55,520
June 30, 2020	$ -	$ -	$ 64,725	$ 64,725

NOTE 9 LAND, BUILDINGS, AND EQUIPMENT, NET

	2021	2020
Land Improvements	$ 9,694,830	$ 9,697,181
Buildings	245,067,950	243,671,425
Furniture and Equipment	35,707,696	35,304,858
Subtotal	290,470,476	288,673,464
Less: Accumulated Depreciation	(127,767,541)	(119,084,627)
Subtotal	162,702,935	169,588,837
Land	10,584,252	10,985,052
Construction in Progress	856,304	378,605
Total	$ 174,143,491	$ 180,952,494

Depreciation expense was $8,865,304 and $9,086,491 for the years ended June 30, 2021 and 2020, respectively.

Construction in progress at June 30, 2021 consists of costs incurred to rehabilitate several buildings and the steam line project. Estimated outstanding construction contract commitments at June 30, 2021 were $587,912 and will be funded through contributions or operating sources.

As of June 30, 2021 and 2020, $1,494,958 and $1,920,251, respectively, of land and buildings were held for sale.

NOTE 10 BONDS AND FINANCING ARRANGEMENTS

Bonds and financing arrangements consist of the following at June 30:

Description	2021	2020
Town of Chestertown, Maryland Economic Development Refunding Revenue Bonds, Washington College Project, 2013 Series:		
Bonds payable used to finance the design, construction, renovation and outfitting of the new academic building known as Cromwell Hall and the new residential housing known as Corsica Hall. Interest at a fixed rate of 3.476% is paid monthly. Series principal payments are due monthly in graduated amounts commencing at $39,000 through June 2046.	$ 17,893,000	$ 18,391,000
Bonds payable used to finance the design, construction, renovation and outfitting of the Gibson Performing Arts Center, Hodson Hall, the Chester and Sassafras dormitories and to advance the refunds of the 1997, 2004 and 2008A and 2010 bonds. Interest at a variable rate of 65% of (LIBOR plus 1.1%) is paid monthly. Interest rate at June 30, 2020 was 1.21%. Series principal payments are due annually in graduated amounts commencing at $1,040,000 on March 1, 2014 through March 2038.	42,709,000	44,519,000
Subtotal	60,602,000	62,910,000
Less: Unamortized Debt Issuance Costs	(432,800)	(452,218)
Total Long-Term Debt, Net	$ 60,169,200	$ 62,457,782

The College expensed interest of $1,765,308 and $1,629,807 under financing arrangements for the years ended June 30, 2021 and 2020, respectively.

Annual debt service requirements for the above debt are as follows:

Year Ending June 30,	Principal
2022	$ 2,368,000
2023	2,515,000
2024	2,625,000
2025	2,696,000
2026	2,859,000
Thereafter	47,539,000
Total	$ 60,602,000

NOTE 10 BONDS AND FINANCING ARRANGEMENTS (CONTINUED)

Under the terms of the Town of Chestertown, Maryland Revenue Bond, and the Town of Chestertown, Maryland Economic Development Refunding Revenue Bond agreements, the College has granted the issuer of the bonds a claim on and collateral interest in all of its gross revenues (as defined in the agreements). The loan agreements also contain covenants and prohibitions which, among other things, limit the College's ability to incur additional indebtedness and contain an acceleration clause in the event of default. In FY21 the College did not meet covenant requirements related to maintaining a minimum debt service coverage ratio and filing of financial statements within 150 days of the fiscal year-end. The College was granted waivers of both of these requirements from the financial institutions.

Refer to Note 17 regarding certain debt refinancing that occurred subsequent to year-end.

NOTE 11 INTEREST RATE SWAP AGREEMENTS

The College has entered into interest rate swap agreements in order to hedge interest rate exposure on the underlying variable rate revenue bonds. The swap agreements had a fair value liability of $7,391,020 and $10,283,265 at June 30, 2021 and 2020, respectively, which is reflected in the statements of financial position. A noncash gain of $2,892,245 and a noncash loss $3,076,199 for the years ended June 30, 2021 and 2020, respectively, are included in the statements of activities, under nonoperating activities. The swap agreements contain certain derivative risks including tax and/or basis risk, counterparty risk and amortization risk, among others.

	Notional Amount	Start Date	Maturity Date	Fixed Rate	Floating Rate*
PNC Bank	$ 18,570,000	9/17/2010	3/1/2038	3.20%	65% of USD-LIBOR-BBA
Royal Bank	18,565,000	5/6/2008	3/1/2038	3.20%	65% of USD-LIBOR-BBA

*Monthly Rate

The College expensed interest of $1,199,464 and $908,182 under the interest rate swap agreements for the years ended June 30, 2021 and 2020, respectively.

During FY21, the College posted collateral on the swap of $3,750,000 which is recorded within assets on the statement of financial position.

NOTE 12 NET ASSETS

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

	2021	2020
Net Assets Without Donor Restrictions:		
Board-Designated Endowment	$ 10,210,806	$ 6,900,679
Undesignated	114,904,938	123,942,133
Total	$ 125,115,744	$ 130,842,812
Net Assets With Donor Restrictions:		
Purpose Restrictions:		
Scholarships	$ 1,651,355	$ 959,556
Support for the College	18,095,173	15,053,611
Time Restrictions:		
Net Pledge Receivables Without Donor Restrictions	107,336	809,335
Spending Policy:		
Investment in Perpetuity	166,059,971	159,889,415
Endowment Earnings	123,564,364	68,249,530
Total	$ 309,478,199	$ 244,961,447

Pledges reflect the amount remaining to be collected on contributions in which the donor has relieved all donor imposed purpose restrictions. Although the purpose restriction has been relieved by the donor the amounts are expected to be received over a period of time and this transfer remains restricted until the pledge payment has been received.

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes or by occurrence of other events as specified by the respective donors. During the years ended June 30, 2021 and 2020, purpose restrictions were accomplished as follows:

	2021	2020
General Operations	$ 308,899	$ 399,223
Financial Aid	9,046,030	8,745,549
Instruction and Research	5,862,593	6,442,148
Student Services	344,692	749,807
Restrictions Relieved by the Donor	302,000	172,085
Total	$ 15,864,214	$ 16,508,812
Capital Expenditures	$ -	$ 11,386,842

NOTE 13 ENDOWMENTS

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of visitors and governors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The College's endowment consists of a portfolio of actively managed funds established to provide both a source of operating funds as well as long-term financial stability. The endowment includes both donor-restricted endowment funds and funds designated by the board of visitors and governors to function as quasi-endowments. The endowment assets are recorded on the statements of financial position in investments of endowed funds, portions of investments held for sale, and portions of assets held in annuity trusts and investments.

Interpretation of Relevant Law

The board of visitors and governors of the College has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) as establishing a standard of conduct in managing and investing endowment funds. As a result of this interpretation, the College classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. This is regarded as the "principal value" of the endowed fund. The remaining portion of the donor-restricted endowment fund that is regarded as "net appreciation" is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the College's spending policy.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the "principal value." There were no such deficiencies as of June 30, 2021 and 2020.

Endowment Investment Policy

The College has adopted an investment policy that is intended to provide a predictable stream of funding to programs from 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 as well as board-designated funds. Under this approach, as approved by the Investment Committee of the board of visitors and governors, the endowment assets are invested in a manner that is intended to produce results that equal the total of the amount drawn annually for operations plus the rate of inflation plus investment management fees. The College expects its endowment funds, over time, to provide an average rate of return of approximately 8-1/2% annually. Actual returns in any given year may vary from this amount.

NOTE 13 ENDOWMENTS (CONTINUED)

Endowment Spending Policy

Unless otherwise specified by law or agreement with the donor, the annual amount of endowment assets and earnings available to support the operations of the College during the fiscal year shall be 5% of the average of the assets of the endowment as of December 31 of each of the three preceding fiscal years. The board has elected a draw of up to 6.5% for June 30, 2021 and 2020 and for the trailing three preceding year average balance for donor-restricted endowed funds absent explicit donor stipulations to the contrary. The board has approved a draw of up to 6.5% for the upcoming June 30, 2022 fiscal year.

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). Previously, the College determined that best governance practice was not to internally manage the investment portfolio and that outsourcing of the management was clearly the best course. A consultant was hired to assist the Investment Committee of the board of visitors and governors in this process. Different managers have been employed over the years and have included a wide range of investments, including alternative strategies. The rationale for including alternative strategy managers for the College's portfolio is to reduce overall volatility while providing equity-like returns. Alternative asset classes have historically demonstrated lower volatility on a stand-alone basis compared to traditional asset classes. Additionally, they have had low correlations, thus providing diversification benefits at the total fund level. See Note 2 for more detail on how these are valued. Appropriations and income distributed from endowment assets are shown net of gains and losses in the statement of activities as endowment return used for operations.

Endowment Loan

During the year ended June 30, 2020, the board of visitors and governors authorized management to borrow $2,700,000 from the endowment to pay for the upfront construction costs of the Semans-Griswold Environmental Hall building. This is intended to be repaid by June 30, 2024 at 2.7% interest uncompounded annually. The balance outstanding is $2,700,000 at June 30, 2021 and 2020.

NOTE 13 ENDOWMENTS (CONTINUED)

Endowment Fund Activity

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2021			
Net Assets, Beginning of Year	$ 6,900,679	$ 228,138,945	$ 235,039,624
Investment Return*	4,173,024	69,224,626	73,397,650
Change in Value of Annuities	-	193,940	193,940
Contributions	-	5,294,003	5,294,003
Income Distributed or Drawn on Endowments	(862,897)	(13,227,179)	(14,090,076)
Net Assets, End of Year	$ 10,210,806	$ 289,624,335	$ 299,835,141
Donor-Restricted Endowment Funds	$ -	$ 289,624,335	$ 289,624,335
Board-Designated Funds	10,210,806	-	10,210,806
Total	$ 10,210,806	$ 289,624,335	$ 299,835,141

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2020			
Net Assets, Beginning of Year	$ 7,461,498	$ 229,223,811	$ 236,685,309
Investment Return*	308,249	5,600,208	5,908,457
Change in Value of Annuities	-	(5,917)	(5,917)
Contributions	-	5,631,681	5,631,681
Loan Against Endowment	-	(2,700,000)	(2,700,000)
Draw for Endowment Loan	-	2,700,000	2,700,000
Income Distributed or Drawn on Endowments	(869,068)	(12,310,838)	(13,179,906)
Net Assets, End of Year	$ 6,900,679	$ 228,138,945	$ 235,039,624
Donor-Restricted Endowment Funds	$ -	$ 228,138,945	$ 228,138,945
Board-Designated Funds	6,900,679	-	6,900,679
Total	$ 6,900,679	$ 228,138,945	$ 235,039,624

* The portion of a donor-restricted endowment fund that is regarded as “net appreciation” is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the College’s spending policy.

NOTE 14 FAIR VALUE MEASUREMENTS

The College has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are described below:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Financial assets and liabilities whose values are based on one or more of the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in nonactive markets;
- pricing models whose inputs are observable for substantially the full term of the asset or liability; or
- pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

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 College's 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.

Both observable and unobservable inputs may be used to determine the fair value of positions that the College has classified within the Level 3 category. As a result, the unrealized gains and losses for assets and liabilities within the Level 3 category presented in the tables below may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

A review of the fair value hierarchy classifications is conducted on an annual basis. Changes in the type of inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the year in which reclassifications occur.

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

	June 30, 2021				June 30, 2020			
ASSETS	Quoted Priced in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance	Quoted Priced in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
Short-Term Investments	$ 883,740	$ -	$ -	$ 883,740	$ 474,929	$ -	$ -	$ 474,929
Federal, State and Local Government Bonds and Notes	5,144,307	-	-	5,144,307	37,539	-	-	37,539
Corporate Bonds and Notes	14,262,685	-	-	14,262,685	18,475,633	-	-	18,475,633
Common and Preferred Stock	41,481,651	-	-	41,481,651	38,494,745	-	-	38,494,745
Real Estate	-	-	8,355,457	8,355,457	-	-	7,504,058	7,504,058
Total Assets	$ 61,772,383	$ -	$ 8,355,457	70,127,840	$ 57,482,846	$ -	$ 7,504,058	64,986,904
Investments Measured at Fair Value Using Net Asset Value Per Share								
Hedge Funds				73,785,862				62,138,042
Commingled Funds Stock				86,734,362				70,873,214
Commingled Funds Bonds				21,615,113				15,419,159
Limited Partnerships				56,623,670				31,157,556
Total Investments Measured at Fair Value Using Net Asset Value Per Share				238,759,007				179,587,971
Total Assets				$ 308,886,847				$ 244,574,875
LIABILITIES								
Interest Rate Swaps	$ -	$ 7,391,020	$ -	$ 7,391,020	$ -	$ 10,283,265	$ -	$ 10,283,265

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

Real estate assets are measured at fair value on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment or a change in the amount of previously recorded impairment. No such impairment has been recorded for years ended June 30, 2021 and 2020. Appraisals on these properties have been obtained in years 2015-2020.

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2021 are as follows:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Distressed/Credit [a]	$ 3,061,744	$ -	annually	90 days
Diversified Arbitrage [b]	2,334,485	-	quarterly	92 days
Diversified Arbitrage [b]	47,049	-	n/a	awaiting liquidation
Diversified Arbitrage [b]	3,435,051		quarterly	90 days
Event-driven [c]	6,889,313	-	quarterly	65 days
Event-driven [c]	464,713	-	annually	90 days
Global Macro [d]	1,995,788	-	monthly	3 days
Global Macro [d]	10,871	-	n/a	awaiting liquidation
Global/Regional Long/Short [e]	5,175,947		annually	15 Days
Global/Regional Long/Short [e]	19,532,041	-	annually	45 Days
Global/Regional Long/Short [e]	178,743	-	n/a	awaiting liquidation
Global/Regional Long/Short [e]	3,197,732	-	monthly	90 days
Global/Regional Long/Short [e]	2,904,154	-	monthly	180 days
Opportunistic [f]	23,770	-	n/a	awaiting liquidation
U.S. Long/Short [g]	2,717,397	-	monthly	62 days
U.S. Long/Short [g]	5,219,037	-	quarterly	45 days
U.S. Long/Short [g]	2,521,687		monthly	60 days
U.S. Equity [h]	4,828,580	-	monthly	15 days
U.S. Equity [h]	58,381,757	-	quarterly	60 days
Global Equity ex US [h]	19,256,753		-	-
Global Equity ex US [h]	9,095,852	-	monthly	10 days
Emerging Markets [h]	9,247,760	-	monthly	30 days
U.S. Bonds [i]	21,615,113	-	daily	1
Private Equity [j]	56,623,670	44,166,262	n/a	n/a
Total	$ 238,759,007	$ 44,166,262		

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

a. This class includes investments in hedge funds that generally invest in securities, bank debt, and trade obligations of companies or structures that have filed Chapter 11 or are in other ways in financial distress. In addition, the managers may invest in various arbitrage strategies. The fair values have been estimated using the net asset value (NAV) per share of the investments.

b. This class includes investments in hedge funds that pursue multiple strategies in an effort to diversify risks and reduce volatility. Some of the strategies that managers in this class invest in include merger arbitrage, convertible arbitrage, fixed income arbitrage, statistical arbitrage, distressed credit, and long/short equity. The fair values have been estimated using the net asset value (NAV) per share of the investments.

c. This class includes investments in hedge funds. These funds typically invest in publicly announced corporate events and other special situations where the outcome is largely dependent of an uncorrelated event within the broad markets. The managers tend to focus on merger, corporate restructuring, corporate takeovers, and spin-offs, with the two main strategies being merger arbitrage and distressed securities.

d. This class is an investment strategy that seeks to generate returns from: 1) macroeconomic trends and shifts in the world's economies, 2) political developments that have an economic impact, and 3) changes of global supply and demand for physical and financial resources. Macro managers implement their portfolios by investing long and/or short positions (e.g., equities, fixed income, currencies, and commodities) in any market around the world, while taking directional and/or relative value positions.

e. This class includes investments in hedge funds that take long and short positions primarily in common stock of companies based in the U.S. and/or outside U.S. Management of the funds has the ability to shift investments from value to growth strategies, from small to larger capitalizations stocks, and from a net long to a net short position.

f. This class includes investments in hedge funds that primarily take long and short positions in common stock of companies based in the U.S. and/or outside of the U.S. The managers in this class may also invest in an opportunistic basis in credit and other arbitrage strategies.

g. This class includes investments in hedge funds that take long and short positions primarily in common stock of companies based in the U.S. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to larger capitalization stocks, and from a net long to a net short position.

h. This class includes funds of publicly traded U.S. and/or outside U.S. stocks.

i. This class includes various marketable fixed income assets.

j. This class includes investments in global secondary purchases of venture capital, leveraged buyout and other private equity assets.

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

The following provides a brief description of the types of recurring financial instruments the College holds, the methodology for estimating fair value, and the level within the hierarchy of the estimate.

Investments

Short-Term Investments – These investments are cash and low risk money market funds provided as sweep vehicles by the custodian bank. The College considers these investments Level 1.

Federal, State and Local Government Bonds and Notes – These are securities or mutual funds which invest in securities which are traded on a recognized liquid exchange. The closing price of the security as of the reporting date is used to determine fair value. These are considered Level 1 inputs in the hierarchy.

Corporate Bonds and Notes – These are securities or mutual funds which invest in bonds or notes which are traded on a recognized liquid exchange. The closing price of the security as of the reporting date is used to determine fair value. This is considered a Level 1 value in the hierarchy. In some instances, where trading volume is thin or nonexistent, assets may be measured at Net Asset Value (NAV) and, therefore, are not presented in the hierarchy.

Common and Preferred Stock – These are securities or mutual funds which invest in common and preferred stock which are traded on a recognized liquid exchange. The closing price of the security as of the reporting date is used to determine fair value. This is considered a Level 1 value in the hierarchy. In some instances, where trading volume is thin or nonexistent, assets may be measured at NAV and, therefore, are not presented in the hierarchy.

Hedge Funds – These are investments in pools of assets whose underlying values and composition of both long and short positions determine the fair market value of the investment. The reporting entity has the ability to redeem its investment with the investee at NAV per share (or its equivalent) at the measurement date.

Real Estate – NAV are those represented by an investment in a mutual fund which invests in real estate and real asset commodities such as energy. Level 3 assets are direct investments in real property and investment in limited partnerships whose value is based on the underlying real estate asset.

Limited Partnerships – Limited partnerships are investments in pools of assets whose underlying values and composition determine the fair market value of the investment either as reported by the general partner or for certain investments, the reporting entity has the ability to redeem its investment with the investee at NAV per share (or its equivalent) at the measurement date.

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (Continued)

Interest Rate Swap – These are measured by alternative pricing sources with reasonable levels of price transparency in markets that may not be continuously active. Based on the complex nature of interest rate swap agreements, these instruments trade in markets that are not as efficient and are less liquid than that of the more mature Level 1 markets. These markets do however have comparable, observable inputs in which an alternative pricing source values these assets in order to arrive at a fair value. These characteristics classify interest rate swap agreements as a Level 2 input.

The College's Investment Committee, which consists of members of the College's senior management and board of visitors and governors, is responsible for valuation policies and procedures for the College's Level 3 investments. Interaction occurs formally on a biannual basis and informally as needed. The Investment Committee meets at least on a quarterly basis to evaluate the valuation methodology used for the Level 3 investments.

NOTE 15 RETIREMENT BENEFIT PLANS

The College participates in defined contribution retirement annuity plans sponsored by the Teacher's Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). Retirement benefits are provided to eligible faculty and administrative personnel through direct payments to these plans. For eligible employees, the College contributes a portion of the employee's salary to the plans based on the employee's contribution. Contributions made under these plans are fully vested in employees' accounts, and retirement payments are limited to the amount of the annuities purchased. Costs charged to current operations for the College's portion of the contributions to the plans were $1,460,385 for the year ended 2020. The College's match program was suspended for the year ended June 30, 2021.

NOTE 16 EXPENSE ALLOCATION

The College allocates interest and amortization on indebtedness based on loan proceeds borrowed for construction of respective buildings. Operations and maintenance of plant consists of insurance, dues, maintenance, and utilities applied to square footage of all buildings. Salaries and benefits are allocated based on job function and allocation of time spent between departments. Expenses reported in the financial statements are classified among program services and supporting services for the years ended June 30, 2021 and 2020 as follows.

	Program Services						Supporting Services			
	Instruction	Academic Support - Library	Academic Support - Other	Student Services	Institutional Support	Subtotal	Auxiliary Enterprise	General Administrative	Subtotal	2021 Total
2021										
Salaries and Benefits	$ 13,504,303	$ 543,888	$ 1,246,980	$ 5,549,268	$ 3,629,553	$ 24,473,992	$ 918,590	$ 2,172,107	$ 3,090,697	$ 27,564,689
Contractual Services	456,590	380	15,419	966,617	3,068,271	4,507,277	358,058	419,318	777,376	5,284,653
Supplies	275,121	3,133	16,087	341,994	228,841	865,176	49,257	17,524	66,781	931,957
Travel	24,103	77	166	142,473	2,657	169,476	1,463	9,857	11,320	180,796
Professional Fees	40,645	-	-	13,480	211,954	266,079	119,086	147,068	266,154	532,233
Rent	127,547	-	-	-	11,037	138,584	(3,965)	-	(3,965)	134,619
Other Operating Expenses	1,919,353	720,519	68,999	1,538,770	1,134,441	5,382,082	2,126,946	147,561	2,274,507	7,656,589
Plant Operation and Maintenance	459,129	88,832	25,891	363,410	647,460	1,584,722	318,997	16,607	335,604	1,920,326
Depreciation	3,175,897	251,047	2,801	1,397,269	1,371,993	6,199,007	2,649,816	16,481	2,666,297	8,865,304
Interest and Amortization	1,969,567	-	-	-	-	1,969,567	1,014,625	-	1,014,625	2,984,192
Total	$ 21,952,255	$ 1,607,876	$ 1,376,343	$ 10,313,281	$ 10,306,207	$ 45,555,962	$ 7,552,873	$ 2,946,523	$ 10,499,396	$ 56,055,358

	Program Services						Supporting Services			
	Instruction	Academic Support - Library	Academic Support - Other	Student Services	Institutional Support	Subtotal	Auxiliary Enterprise	General Administrative	Subtotal	2020 Total
2020										
Salaries and Benefits	$ 15,004,379	$ 777,955	$ 1,314,932	$ 7,062,943	$ 4,372,293	$ 28,532,502	$ 1,558,394	$ 2,489,802	$ 4,048,196	$ 32,580,698
Contractual Services	728,209	-	11,659	1,205,680	1,998,423	3,943,971	273,818	321,319	595,137	4,539,108
Supplies	346,483	31,146	28,730	300,558	164,681	871,598	97,037	17,170	114,207	985,805
Travel	417,256	781	20,036	753,682	100,858	1,292,613	15,119	10,698	25,817	1,318,430
Professional Fees	4,120	-	-	25,575	105,253	134,948	323,409	18,972	342,381	477,329
Rent	129,207	-	-	-	17,251	146,458	118,193	-	118,193	264,651
Other Operating Expenses	1,942,874	666,446	75,882	2,248,954	1,533,838	6,467,994	3,244,644	132,162	3,376,806	9,844,800
Plant Operation and Maintenance	291,053	84,309	27,568	243,233	1,113,699	1,759,862	318,488	29,984	348,472	2,108,334
Depreciation	3,085,167	292,170	4,666	1,417,601	1,602,585	6,402,189	2,664,751	19,551	2,684,302	9,086,491
Interest and Amortization	1,687,889	-	-	-	-	1,687,889	869,518	-	869,518	2,557,407
Total	$ 23,636,637	$ 1,852,807	$ 1,483,473	$ 13,258,226	$ 11,008,881	$ 51,240,024	$ 9,483,371	$ 3,039,658	$ 12,523,029	$ 63,763,053

NOTE 17 SUBSEQUENT EVENTS

The College evaluated its June 30, 2021 financial statements for subsequent events through January 20, 2022. On November 2, 2021, the College refinanced the long-term note with PNC Bank and the two interest rate swaps associated thereon with Royal Bank and PNC Bank. The principal amount of the refinancing bonds is $43,175,000. The bonds amortize serially from 2023 through 2037 with interest rates from 1.47% to 5.00%.